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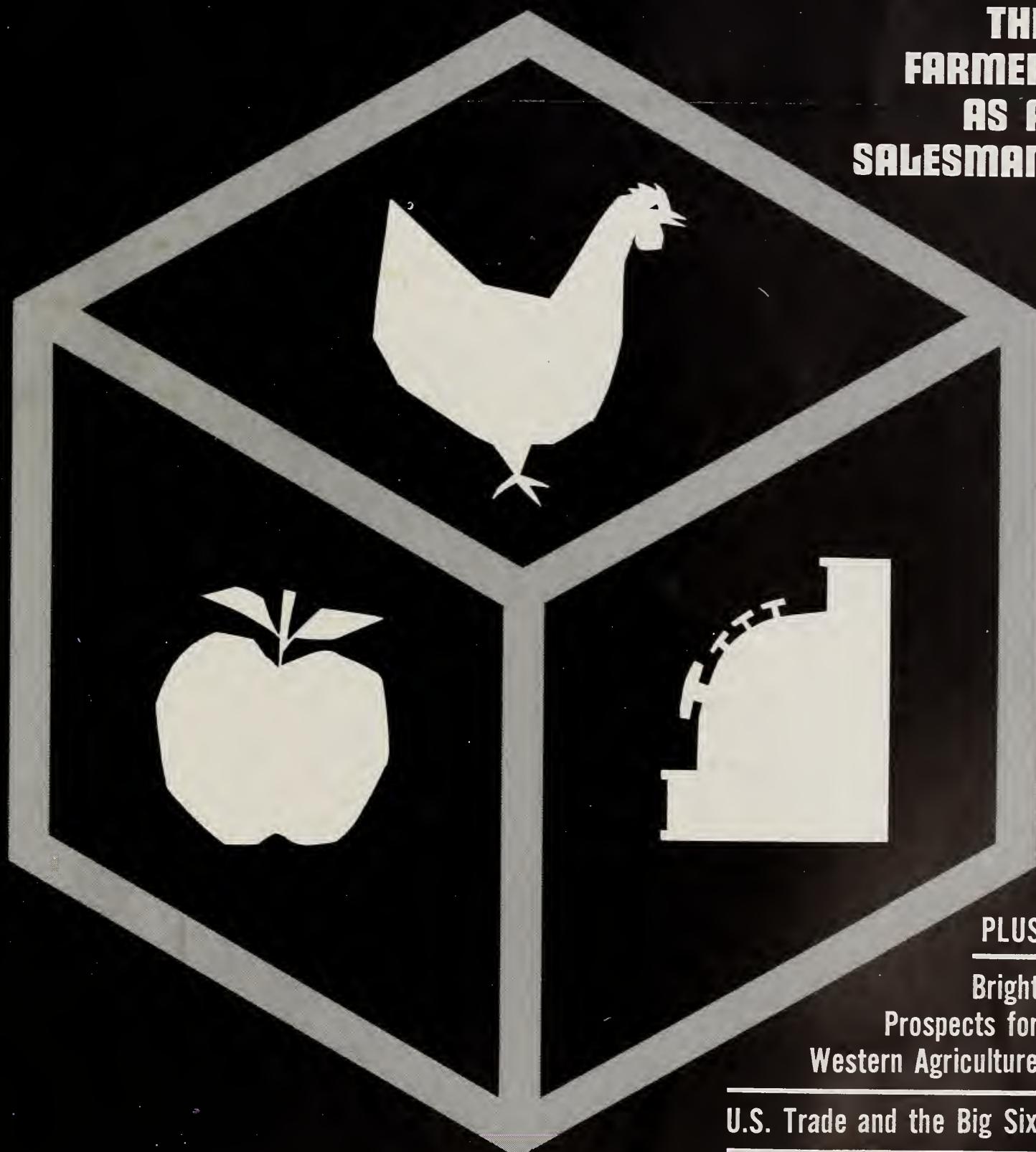
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THE FARM INDEX

APRIL
1963

ECONOMIC RESEARCH SERVICE • U. S. DEPARTMENT OF AGRICULTURE

THE FARMER AS A SALESMAN



PLUS
—
Bright
Prospects for
Western Agriculture

—
U.S. Trade and the Big Six
—
and DAIRY FACTS

ECONOMIC TRENDS

Item	Unit or base period	'57-'59 Average	1962		1962-63		
			Year	February	December	January	February
Prices:							
Prices received by farmers	1910-14=100	242	243	243	242	244	242
Crops	1910-14=100	223	231	226	224	228	232
Livestock and products	1910-14=100	258	254	257	258	257	251
Prices paid, interest, taxes and wage rates	1910-14=100	292	306	305	309	311	311
Family living items	1910-14=100	286	294	294	296	297	298
Production items	1910-14=100	262	269	268	273	274	274
Parity ratio		83	80	80	78	78	78
Wholesale prices, all commodities	1957-59=100	.....	100.6	100.7	100.4	100.5	100.2
Commodities other than farm and food	1957-59=100	.....	100.8	100.8	100.7	100.7	100.7
Farm products	1957-59=100	.....	97.7	98.2	97.3	98.5	96.4
Food, processed	1957-59=100	.....	101.2	101.8	100.9	100.8	100.5
Consumer price index, all items	1957-59=100	.....	105.4	104.8	105.8	106.0	.....
Food	1957-59=100	.....	103.6	103.1	103.5	104.7	.....
Farm Food Market Basket:¹							
Retail cost	Dollars	.....	1,067	1,066	1,062	1,078	.....
Farm value	Dollars	.....	410	417	407	408	.....
Farm-retail spread	Dollars	.....	657	649	655	670	.....
Farmers' share of retail cost	Per cent	.....	38	39	38	38	.....
Farm Income:							
Volume of farm marketings	1947-49=100	123	137	106	147	151	108 ³
Cash receipts from farm marketings	Mil. dollars	32,247	35,749	2,308	3,141	3,289	2,310 ³
Crops	Mil. dollars	13,766	15,900	850	1,594	1,627	870 ³
Livestock and products	Mil. dollars	18,481	19,849	1,458	1,547	1,662	1,440 ³
Realized gross income ²	Bil. dollars	.....	40.6	.....	41.4	.....	.....
Farm production expenses ²	Bil. dollars	.....	27.7	.....	27.9	.....	.....
Realized net income ²	Bil. dollars	.....	12.9	.....	13.5	.....	.....
Agricultural Trade:							
Agricultural exports	Mil. dollars	4,105	5,031	411	462	202	.....
Agricultural imports	Mil. dollars	3,977	3,876	300	351	233	.....
Land Values:							
Average value per acre	1947-49=100	.....	179 ⁴	187 ⁴	.....	.....	.....
Total value of farm real estate	Bil. dollars	.....	134.8 ⁴	141.0 ⁴	.....	.....	.....
Gross National Product²							
Consumption ²	Bil. dollars	456.7	553.9	.....	563.5	.....	.....
Investment ²	Bil. dollars	297.3	356.7	.....	363.5	.....	.....
Government expenditures ²	Bil. dollars	65.1	76.6	.....	76.2	.....	.....
Net exports ²	Bil. dollars	92.4	117.3	.....	120.7	.....	.....
1.8	3.3	.....	3.2	.....	.....	.....	.....
Income and Spending:							
Personal income	Bil. dollars	.....	440.5	431.9	450.4	452.4	450.8
Disposable income ²	Bil. dollars	321.3	382.9	.....	389.3	.....	.....
Total retail sales, seasonally adjusted	Mil. dollars	.....	19,540	19,027	20,203	20,241	20,291
Retail sales of food group, seasonally adjusted	Mil. dollars	.....	4,801	4,732	4,928	4,958	.....
Employment and Wages:							
Total civilian employment, seasonally adjusted	Millions	.....	68.0	67.6	68.1	68.2	68.1
Agricultural, seasonally adjusted	Millions	.....	5.2	5.5	4.8	5.2	4.8
Rate of unemployment, seasonally adjusted	Per cent	.....	5.6	5.7	5.5	5.8	6.1
Workweek in manufacturing, seasonally adjusted	Hours	.....	40.4	40.3	40.3	40.2	40.3
Hourly earnings in manufacturing	Dollars	.....	2.39	2.38	2.43	2.43	2.43
Industrial Production, seasonally adjusted							
Manufacturers' Sales and Inventories:							
Total sales, seasonally adjusted	Mil. dollars	.....	33,280	32,850	33,360	33,200	.....
Total inventories	Mil. dollars	.....	57,400	56,180	57,400	57,400	.....
Total new orders	Mil. dollars	.....	33,030	33,080	33,040	33,620	.....

¹ Average annual quantities of farm food products based on purchases per wage-earner or clerical-worker family in 1952—estimated monthly.

² Annual rates seasonally adjusted fourth quarter. ³ Preliminary. ⁴ As of November 1.

Sources: U.S. Department of Agriculture (Farm Income Situation, Market-

ing and Transportation Situation, Agricultural Prices, Foreign Agricultural Economics and Farm Real Estate Market Developments); U.S. Department of Commerce (Industry Survey, Business News Reports, Advance Retail Sales Report and Survey of Current Business); and U.S. Department of Labor (The Labor Force and Wholesale Price Index).

THE AGRICULTURAL OUTLOOK

First-quarter review: Demand for farm products continued strong. However, increased supplies of slaughter cattle and hogs resulted in lower livestock prices than quarter before. Early estimates indicate personal income was running somewhat higher than previous quarter. Increases in wage and salary disbursements and transfer payments more than offset rise in Social Security contributions. Average hourly earnings in manufacturing industries continued rise. There was little change in length of workweek.

—Retail sales apparently continued near record high of previous quarter. Sales in automotive group—which account for more than half of durable goods sales—maintained fast pace. Sales in food group—which account for more than a third of nondurable goods sales—rose a little further.

—Federal Reserve Index of Industrial Production averaged near fourth quarter 1962 level of 119 . . . more consumer goods but less equipment and materials were produced. Production of automobiles continued at boom level. And steel production increased as users began to build inventories.

CONTENTS

Page

THE FARM	5
MARKETING	9
THE FOREIGN MARKET	14
THE CONSUMER	18
DAIRY SUPPLEMENT	19
DAIRY FACTS	23
RECENT PUBLICATIONS	31

Numbers in parentheses at end of stories refer to sources listed at end of issue.

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EDITOR, Theodore Crane; ASSISTANT EDITOR, Story Easterling Moorefield; STAFF EDITORS, William T. Schanger and Marilyn S. Harrison; PRODUCTION EDITOR, Lilla Dunovant McCutchen.

—Nonagricultural employment averaged slightly less than rate in last half of 1962 . . . labor force continued to grow slowly. As result, seasonally adjusted rate of unemployment was up from quarter earlier to about 6 per cent of labor force.

—Housing starts and expenditures for new construction both declined. Decline in construction outlays was mainly in private residential dwellings. Index of value of all construction contracts awarded was record high.

—Early reports indicate business spending for plant and equipment, which eased down late in 1962, continued around fourth-quarter rates. Outlays averaged about 6 per cent above first quarter in 1962.

—Number of farms in operation in 1962 was more than 3 per cent below 1961 . . . average farm size increased to 316 acres from 307. In 1963, acreage in farms is expected to remain close to 1962 total . . . continued consolidation likely will result in further increase in average farm size.

—Retail cost of market basket of farm foods was about 1 per cent greater in 1962 than year earlier, with most of rise due to increased meat products prices. Farm value of market basket also was up . . . farmers continued to receive around 38 cents of consumers' dollar.

COMMODITY HIGHLIGHTS

Commercial beef production in first half of year is expected to be 6 to 8 per cent above output in first half of 1962 . . . as result of 12 per cent increase in number of cattle on feed at beginning of year. Prices of fat slaughter cattle dropped below year earlier in January, continued down into March. Additional price weakness is expected in April-June, with prices reaching low about mid-year. Some price recovery expected during second half.

Slaughter hog supplies likely will continue above year earlier through May, with prices tending down to low for year in May. Prices probably will rise seasonally to August peak . . . then move lower during late summer and fall as 1963 spring

pig crop goes to slaughter. Prices expected to remain below year earlier through second half.

Sheep and lamb slaughter has averaged considerably under year ago so far this year. Prices of lambs at Denver were averaging about \$2.50 above same week a year earlier—but have changed little since beginning of year. Some upward price movement is expected as slaughter supplies decline seasonally this spring . . . but margin over 1962 prices likely will narrow.

First-quarter milk production was about 1 per cent below year ago. Production of butter in first quarter is estimated about 9 per cent below year-earlier output, American cheese production about 2 per cent below. Wholesale prices of butter generally were near support through March . . . prices farmers receive for all wholesale milk were running about 15 cents per 100 pounds below year earlier. Support for new marketing year (begun April 1) continues at 75 per cent of parity, so prices farmers receive in last 3 quarters of 1963 probably will approximate year earlier. Due to shift in period used for computing parity, support is up from \$3.11 to \$3.14, minimum legal price.

Higher feed prices than in 1962 are holding chick purchases close to last year's levels. Only moderate production increases are in prospect for **broilers** and layers. Egg output probably will not be significantly higher than last year until fourth quarter.

Feed grain and high-protein feed prices continued above 1961-62 level through winter. In first half of March, corn prices at Chicago were about 9 per cent above year ago and high-protein feed prices at principal markets were about 16 per cent higher.

Disappearance of **feed grains** so far in 1962-63 has been a little below record rate in 1961-62 but is expected to exceed 1962 production. Consequently, stocks carried over into 1963-64 probably will be reduced another 15 per cent.

By January 31, closing date of loan program for 1962-crop **wheat**, about 25 per cent of crop was under price support . . . substantially above proportion a year earlier. As result, prices of most wheats remain near effective support.

Quantity of privately held old-crop wheat at

end of current marketing year is expected to be substantially less than large amount last July 1.

Total supply of **soybeans** for 1962-63 marketing year (started last October 1) is now estimated at 723 million bushels. Crushings for oil and meal during year are forecast at 470 million bushels, 7 per cent more than year earlier. Exports are expected at about 175 million bushels, 14 per cent more than in 1961-62. After allowing for amounts used for seed, feed and loss, this would result in carryover of around 35 million bushels next September 30 compared with 58 million on closing date in 1962. Carryover of 35 million bushels would be less than a month's requirement for crushings alone.

Soybean prices to farmers during remainder of current marketing year are expected to continue well above 1962-crop support of \$2.25 per bushel and above \$2.34 average received during last April-September. Price support for 1963 crop continues at \$2.25.

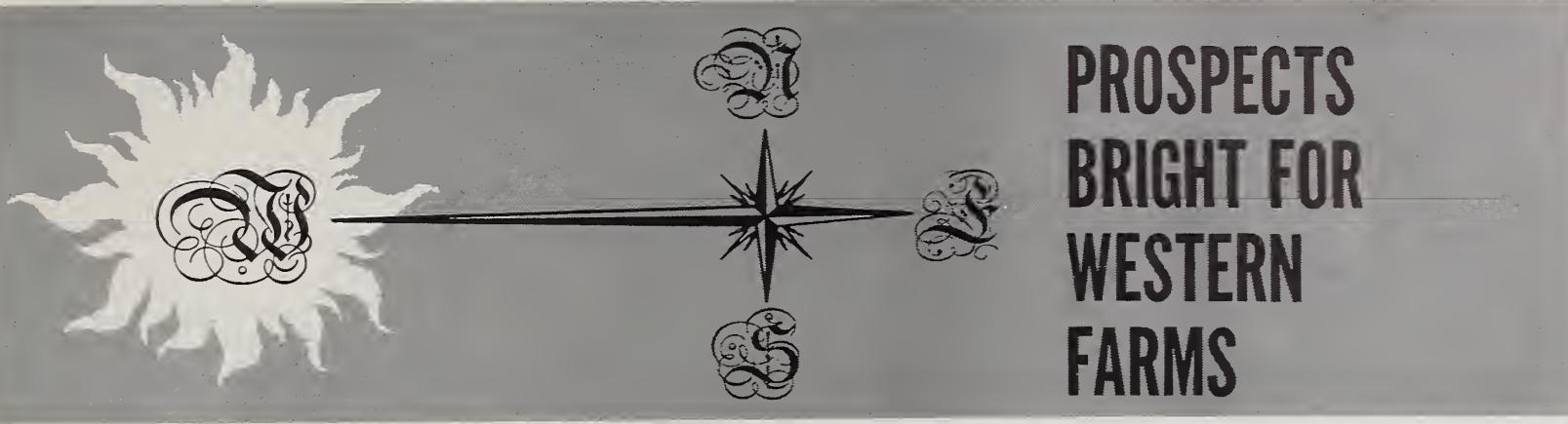
Carryover of **cotton** in United States next August 1 is expected to be largest since 1957 . . . because both mill use and exports are lower than year ago and 1962 crop was largest since 1953.

U.S. imports of **cotton textiles**, on raw fiber equivalent, totaled a record 644,600 bales in calendar 1962. This was 183,700 bales more than exports of cotton textiles and 22 per cent higher than previous record imports in 1960.

Acreage allotments for 1963 cotton—upland and extra-long staple—have been reduced to 16.4 million acres from 18.2 million in 1962. Price support for upland cotton has been set at 32.47 cents per pound (Middling 1-inch)—same as for 1962 crop.

Outlook for U.S. **wool** industry in 1963 now is for less production than in 1962, moderately declining prices, slightly less mill use of raw wool, continued high level of imports of wool textile products and increased competition from rising output of manmade fibers.

In 1962, U.S. smokers consumed about 508.5 billion cigarettes—5.75 billion more than in 1961 and more than in any previous year. Per capita consumption, by people 15 years and older, declined 0.7 per cent from 1961 to 1962. Cigar consumption, at less than 7.1 billion, barely topped 1961 and fell 2.5 per cent per capita.



PROSPECTS BRIGHT FOR WESTERN F FARMS

WESTERN ACRES include four-fifths of all irrigated cropland in the country, with another 4.4 million acres expected under irrigation by 1975.

Year	Cropland acreage	Irrigated land	
		Area	Per cent of total cropland acreage
1909	1,000 acres	1,000 acres	Per cent
1919	38,621	13,203	34.2
1929	55,925	17,401	31.1
1939	64,179	17,464	27.2
1944	57,304	18,553	32.4
1949	58,761	17,305	29.4
1954	66,698	19,977	30.0
1959	67,461	20,525	30.4
1975	70,428	24,484	34.8
	72,496	28,878	39.8

WESTERN HARVESTS are equal to one-fifth of the national value of crop production. Fruits and nuts lead the dollar list.

Crop group	Value of production in 1959		Per cent of U.S. production
	Western states	United States	
	1,000 dollars	1,000 dollars	Per cent
Feed grains	363,679	6,050,789	6.0
Food grains	578,715	2,254,659	25.7
Sugar beets	141,808	192,270	73.8
Cotton	495,537	2,281,300	21.7
Oil crops	6,929	221,866	3.1
Vegetables	517,014	1,051,878	49.2
Fruits and nuts	737,650	1,441,382	51.2
Seed crops	89,050	114,903	77.5
Hay and forage	589,361	2,577,318	22.9
Other misc. crops	37,315	45,527	82.0
All crops	3,557,058	16,231,892	21.9

The western states sprawl over two-fifths of the nation's land area, but their vast embrace sweeps in more wilderness and desert and mountain peaks than it does productive soil. Altogether, these 11 states have only 15 per cent of all cropland within their far-flung reach.

The westerner has, however, made good use of his acreage. In 1959, his farm output was worth \$6.6 billion, or nearly one-fifth of the U.S. total of cash farm receipts. Today the West yields a big proportion of our major crops—a fourth of the food grains, a fifth of the cotton, nearly half of our fruits and vegetables and nuts, and about three-quarters of all the seed crops and sugar beets.

All together, the crops produced in the West were worth \$3.6 billion in 1959. The western share of crop production amounted to 22 per cent of the U.S. total.

Without the western states, we would have no lemons, apricots, figs, walnuts, olives or hops. There would be few pears or plums for the nation's tables, and less than half our usual supply of grapes, avocados, nectarines, cherries and strawberries.

Our salad bowls would be meagerly filled if it weren't for the West. We rely on the Pacific and Mountain states for 50 to 100 per cent of the nation's lettuce, celery, carrots, artichokes, garlic, cantaloupe and honeydew melons.

The West holds its own in livestock production, too. Two-fifths of the sheep and lambs sold in 1959 grazed in western meadows

and nearly half our wool supply was clipped in the West. In 1959, ranches and farms from the Rockies to the Pacific sold a fifth of the cattle and calves marketed in the U.S.

To maintain their importance in the national agricultural scene, the western states will be increasing their cropland nearly 3 per cent by 1975, going from 70.4 million acres in 1959 to 72.5 million. In contrast, cropland for the nation as a whole is expected to decrease 2.4 per cent.

And, with steadily improving technology, yields on western acreage by 1975 should be a fourth or more higher than 1957-59 levels.

A good part of the success of western agriculture, today and in the future, is spelled out in the figures on irrigated lands. Four-fifths of all irrigated land in the United States is in the West. It will have another 4.4 million irrigated acres by 1975. One-half of this acreage will be taken out of land now dry-farmed. The rest will come from raw land.

A good third of the newly irrigated acreage will be capable of a wide variety of production. It will be land that can be easily shifted from one crop to another depending on future needs. The most likely ones, however, are vegetables, fruits and high value field crops.

About half the new land will be a little more restricted, though still fairly versatile acreage. The remaining cropland will be limited generally to grains, forages, potatoes, sugar beets, beans, peas and seed crops.

The western farmer and rancher will also step up the output of his pasture and rangeland. Clearing of trees and brush, control of insects and rodents, reseeding programs, better application of fertilizer and greater use of rotation grazing all will help him reach the expected 80 per cent increase in productive capacity by 1975, compared to 1950 (1).

Economies of Scale Most Apparent for Medium Size Farms; Advantages of the Largest Ones Are Not So Sharply Defined

A recent survey of North Dakota wheat farms points up the relationship of size of operation to the cost of machinery.

The total cost per acre for major tractor-drawn and self-propelled machinery averaged about 15 per cent higher on the smallest farms studied than on the largest. But costs for middle-size farms were only a shade higher and for some pieces of equipment even lower than for the largest farms studied.

The small farms had 180 to 419 acres of cropland; the middle group, 420 to 659 acres; the largest farms, 660 to 899 acres.

Compared with the largest farms, the middle size ones came up with lower operating costs per acre for one way disk and harrow, for example, but higher for plow-tandem disks, moldboard plows and light-duty field cultivators, among others.

The smallest farms ran up the highest costs per acre mostly be-

cause the machinery was used less during the year.

Furthermore, the operating time per acre was higher. Their equipment was smaller, and it was operated at a slower rate, raising both machinery and labor costs.

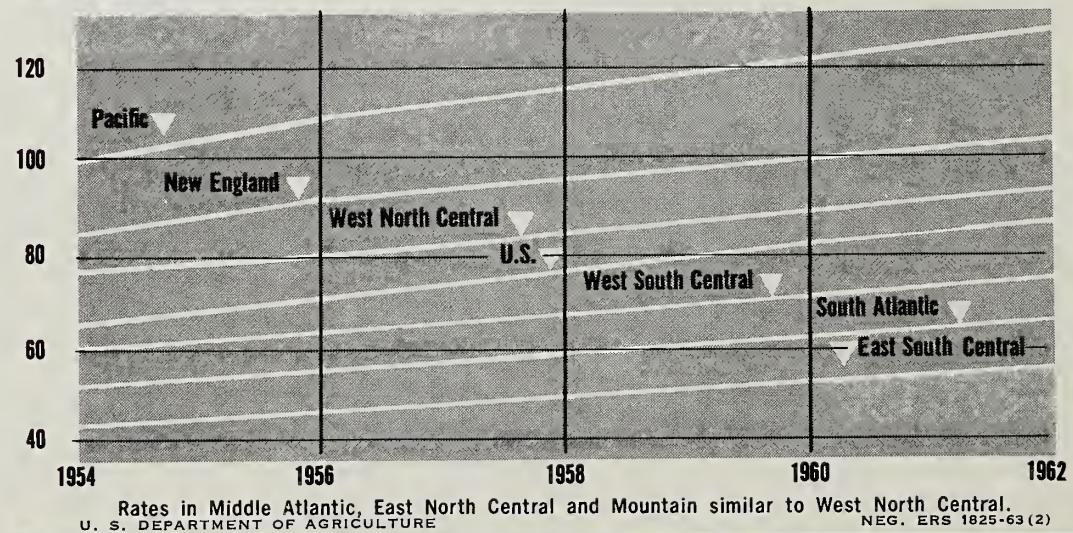
The researchers derived their measure of machinery costs per acre from a 1960 survey of 150 spring wheat farms in central North Dakota. Their calculations included costs assigned to the implement, the tractor and the driver.

In 1960 these costs represented about 60 per cent of total operating expenses on the North Dakota farms, farms devoted mostly to wheat, small grains and livestock.

The yield of wheat during the survey year was 45 per cent greater than the previous 20-year average and the second highest on record. Such yields meant that the operating time for the machinery, as well as the amount of fuel used, was higher than normal (2).

WAGES WAXING: Farmers in Pacific and New England states not only pay the highest wages, but have increased wage rates more in the past eight years than farmers in any other region. For both areas, the wage rate climbed 23 cents between 1954 and 1962. The average farm wage for the nation was 86 cents an hour last year. However, many farm workers also receive board, housing and farm products for their labor. Such additional items currently are the equivalent of about one-fifth of cash wages (3).

Cents Per Hour



Research on Cotton Production Costs for Mississippi Farms Indicates Units of 400-1,000 Acres Have Highest Returns

The bigger the cotton farm, the more profitable—but only up to a point.

Recent analysis of cost figures for cotton farms in Mississippi indicates that size ceases to have much bearing on direct costs per unit of production of cotton after a certain scale is reached.

Using figures taken from 1957 and 1958 surveys made in the Delta, economists classed the farms in four size groups: less than 60 acres of cropland, 60 to 399 acres, 400 to 1,000 acres and over 1,000 acres.

The cotton enterprise in the first two groups had higher costs per unit of production, and lower returns per acre than on the bigger farms. But somewhere between 400 and 1,000 acres the cut-off point was reached. Farms of over 1,000 acres had little or no advantage in direct costs over the third size group.

Apparently, in the Delta the possibilities for operating econo-

mies in the production of cotton are greatest on farms with 400 to 1,000 acres of cropland.

No such ceiling on economy showed up for other crops in the study—soybeans, corn, oats and wheat. The 1,000-acre-plus operation managed to cut operating costs below the next smaller group.

Analysis of these highly mechanized enterprises showed an equally consistent relationship between the size of farm and net returns to inputs.

The net return per acre to unpaid labor, land and management from cotton production came out most favorably for the small cotton farm. The cause was largely the big share of total inputs made up by unpaid labor.

However, the farm operator with less than 60 acres of cropland was enjoying more of a statistical advantage than a real one. His chance of getting more than a subsistence was slight indeed (4).

FORAGE PROGRAM SHOULD BE KEYED TO THE SIZE OF FARM

It's a good idea to shop around before settling on a forage and feeding program.

Aside from an immediate cash outlay for equipment, a new forage program may also mean changes in labor requirements, cropping plans, livestock enterprises and credit arrangements. A survey of available methods and equipment stresses the point that the size of the total operation must change in step with mechanization in order to sustain the additional expenses.

Here's a rundown of methods for forage harvesting, storing and feeding, with some figures on costs.

At present, baling is most widely used for harvesting forage.

From a labor standpoint, it's likely to become even more popular with farmers as the newer one-man, throw-type baler catches on. With the equipment in use now, however, an annual harvest of at least 100 tons of hay is necessary to justify the expense of owning a baler rather than relying on custom harvesting.

Field conditioners which crush the forage as it is cut are a help to farmers who harvest most of their forage as hay. The conditioners both speed the field drying and make drying more uniform. Rapid drying also helps to keep harvesting costs at a minimum. With a harvest of 100 tons per year, economists estimate there would be a net gain of around

\$150 over the cost of the equipment.

The quality of hay can also be improved with mechanical drying. However, the advantages at present are practically offset by the high cost.

Field chopping is cheaper than baling because the chopper, which can be used for both hay and silage, eliminates the need for a baler too. Generally, it takes a crop of 200 tons of hay a year to balance the cost of the chopper.

When it comes to storage, trench silos are usually cheaper to build than conventional silos. A trench silo that will hold 200 to 300 tons of silage can be built for \$7 to \$8 per ton of storage. Trench silos work best with a self-feeding type of operation.

Although vertical silos are more expensive than the trench type, the relatively new, large-diameter silos cost less per ton of storage than the conventional upright models. Also, the large-diameter silos cut down on the loss of feed value, compared with trench silos, and they can be used to store a greater variety of feeds at lower moisture content.

More important, however, is the fact that upright silos can be adapted to mechanical feeding. The equipment for mechanical feeding calls for a capital outlay of about \$1,500 for an average operation. For droves of 150 cattle, labor and equipment to unload corn silage by hand or machine add up to about the same total cost. For 50 head or less hand feeding is less expensive depending on how the farmer values his time. Mechanical feeding lets the farmer do other chores while the feeding is done.

Mechanical feeders have their greatest cost advantage with herds of moderate size. With herds of 200 to 300 head, self-unloading wagons are cheaper.

Feeding with self-unloading wagons also works better on farms where the lots and buildings are scattered (5).

Urban Needs Speed Rise of Taxes On Land Farmed in Fringe Areas

How high are farm taxes on the rural-urban fringe? How fast do they rise when farmland is eyed for subdivisions?

Seeking answers to these questions, ERS researchers studied Fairfax County, Virginia. The former rural county is fast becoming an urban adjunct to metropolitan Washington, D. C.

In 1950, nearly three-quarters of the county population was rural. By 1960 the countywide ratio was four urbanites to every rural resident.

The assessed value of properties classed as farms in 1961 averaged \$266 an acre, an increase of 163 per cent over 1956. Taxes per acre more than tripled during this period.

Farm production per acre, according to the 1959 Census of Agriculture, had an average value of \$55, which doesn't suggest a rich farming community. In 1960, taxes on these acres averaged \$8, some 10 times the Virginia mean.

The man who depended on his farm for most of his income would be hard put to carry taxes this high. Close to two-thirds of Fairfax County farm owners in 1959 reported that other sources of family income exceeded the value of the farm products sold.

In rating land for taxes appraisers tend to hold down valuations when the property is actively farmed, especially in areas where open land is fast disappearing. Counter to this tendency is a shift in assessment procedures with an eye to more intensive uses for farmland.

For example, Fairfax appraisers use a soils inventory card to rate land. It gives the soil type of each parcel and such engineering characteristics as topography, erosion potential and percolation ratings. These are of special interest to the developer. Other characteristics noted, such as pro-

ductivity, are more important to the farmer.

Originally, the characteristics valued by farmers were given the most weight in appraisals. As more and more land took on suburban value, the appraisers' emphasis shifted, usually meaning a sharp rise in property values.

An exception to this is the effect improvements sometimes have on the value of a tract. Because the subdivider must eventually tear them down, farm buildings may lower the appraisal (6).

Costs of Ponds for Fire Fighting Allowed as Income Tax Deductions

The cost of building a farm pond can be tax deductible.

Under present federal income tax laws, a farmer's share of the construction costs of a dirt pond can be counted as a deductible expense. However, the amount deducted in any one year cannot exceed one fourth of gross farm income during the year. Expenses in excess of the 25 per cent limit can be carried forward and deducted in succeeding years.

In the case of a concrete reservoir or swimming pool also used for fire-fighting purposes, the cost must be capitalized and depreciated over its estimated lifetime. Only the farm-business share of the annual allocation to depreciation can be counted as a deductible expense. If the pool or reservoir is drained during the winter, only the months in which the pool was available for fire-fighting can be counted against the annual share of expense.

In addition to tax benefits, the farmer often can get help in paying for a pond or reservoir. The Agricultural Conservation Program will pay up to about half the cost of building a pond if the location on the farm will encourage better management of grassland. The estimated cost of construction may be an average for the area or the actual expense (7).

Wheat Producers Are No Exception To Rule of Farm Income Problems

Like practically everyone else in agriculture, wheat growers are struggling with the cost-price squeeze. Also like other farmers, they have taken the most obvious ways out—increased production per acre and larger farms.

Here are the facts:

Total annual expenses on a typical winter wheat farm in the Southern Plains were \$6,500 in 1961, almost 60 per cent above the average of \$4,100 per farm in 1947-49.

The increase is due to higher prices paid for production items such as fuel, fertilizer and seed and to more of these items used per farm. Both increased equally during the last decade.

In 1947-49 the average winter wheat grower had a capital investment of \$52,800. In 1961, the comparable figure reached a record high of \$96,300, an increase of over 80 per cent in roughly 15 years.

In the face of mushrooming costs, wheat farmers have either increased their yields per acre or increased the size of the farm—most often both. As a result, yields per acre are more than half again the 1947-49 average. Farmers brought about much of this increase by using improved varieties of seed, better weed control and other improved practices. Better weather also helped.

At the same time, winter wheat producers increased the size of their farms by 19 per cent on the average. Consequently, a typical wheat farm was 787 acres in 1961, an increase of 126 acres in just a little over a decade.

But despite his efforts to increase output in line with expenses, the average wheat farmer has had to watch costs steadily erode his income. His return for his labor and management dropped from \$7,700 in 1947-49 to about \$5,200 in 1961 (8).

Shifting Flow of Washington Wheat Shows Changes in Transport Modes

Some 30 per cent of all Washington country elevator operators send their wheat to market by rail, according to a recent sample of 59 operators in the area.

About 5 per cent of the elevator operators surveyed used trucks exclusively. The remaining two-thirds of the group used both train and truck, depending on the needs of the moment.

Wheat shippers in the northwest rely far more heavily on rail transportation than the operators in the rest of the country, because of the largely one-way movement of their wheat to Pacific ports and local markets.

In the 1960-1961 season, rail shipments of free wheat—non-government grain—from Washington amounted to over 36 million bushels.

Even so, the volume of wheat shipped by truck has shown a noticeable increase in the past few years. In the 1960-61 season, trucks carried 14 million bushels of Washington free wheat, 25 per

cent more than in 1958-59.

Barges too, are taking on increasing importance in the northwest wheat market, mostly in connection with truck shipments.

About 6 million bushels, or close to half the truck shipments of free wheat, were transferred to barges at the Pasco-Kennwick area for reshipment to Portland, Vancouver and Longview.

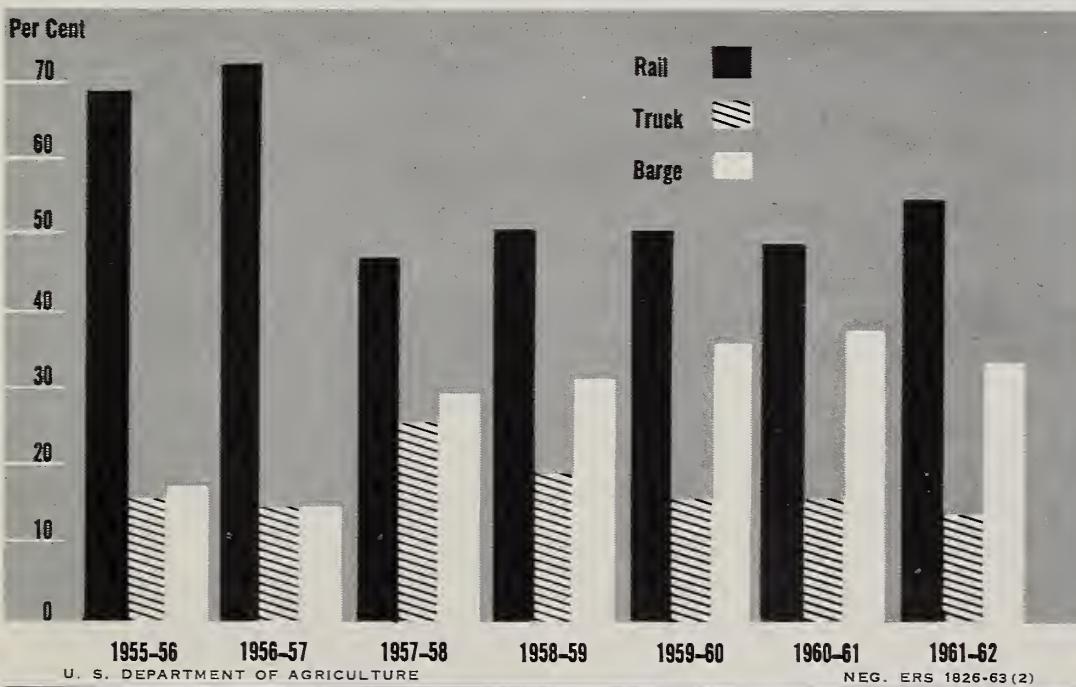
And when we include the wheat coming from all points of the Columbia River Basin area, the figures for barge shipments are even more impressive. In 1954, barges carried only about 1 million bushels of wheat from the Columbia River Basin. By 1961, they had upped their year's load to 23 million bushels.

The rails won the vote of most elevator operators because they made possible easier loading, storing, mixing and milling. The shippers also pointed to more convenient schedules of trains as reasons for using them.

Lower rates were the main reason shippers turned to trucks, though they also liked the advantage of being able to move wheat directly from the farm, without

WHEAT RECEIPTS AT COLUMBIA RIVER PORTS

(By type of carrier)



Flying Perishables

Cut flowers and specialty fruits and vegetables, along with other perishable farm products, are taking to the air in greater numbers these days. The increase in air cargo stems mostly from a Civil Aeronautics Board order that knocked out long established minimum freight rates. The order became effective a little more than a year ago.

- Air freight rates now average 18 to 20 cents a ton-mile, comparable, roughly, to rail express and about three times higher than truck rates. New turbo-prop cargo planes are expected to operate at 12 to 14 cents a ton-mile. Airline officials foresee beating those rates down to about 10 cents with even newer planes currently planned (10).

extra stopoffs at the elevators.

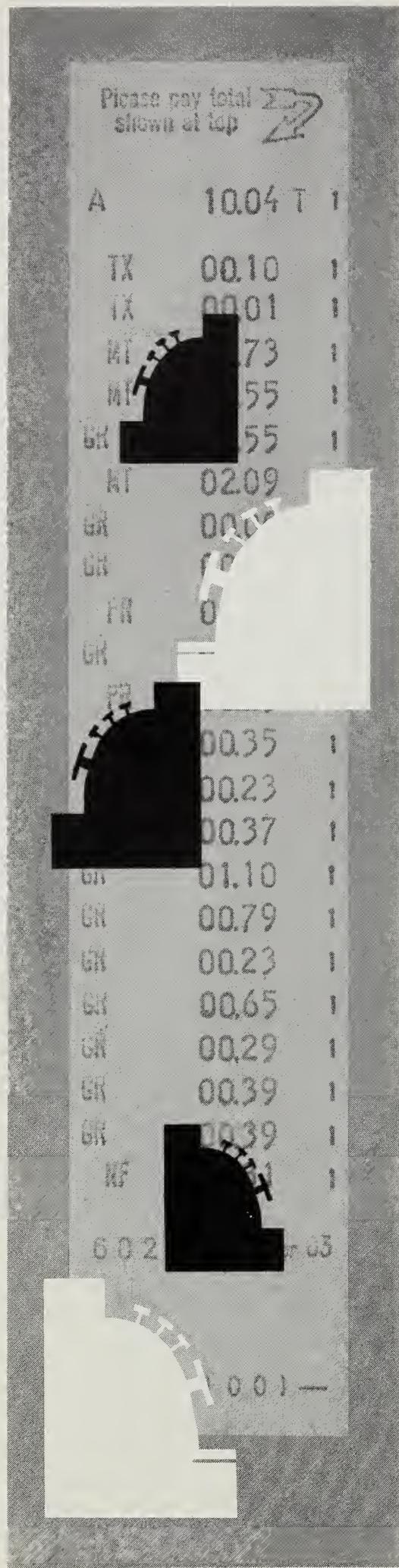
extra stops at the elevators. Truckers have been aiming at an even bigger share of the business by replacing 30- to 34-foot trucks with 40-footers. The new dual purpose, liquid- or bulk-freight trailers also give the truckers a competitive edge, with grain carried one way and milk, lumber or any number of other products hauled on the return trip.

Barges make a major appeal through lower rates, which tie in with the enormous capacity of the barges. One barge can carry the equivalent of 20 to 25 carloads of wheat.

Plans for wider, deeper water-ways will make even bigger hauls possible.

Increasing barge hauling tonnage, utilizing truck backhauls and the transit privileges of rail service, can all aid in savings for the elevator operator. Often, a few cents a bushel saved can determine his market position.

Given competitive rates for the three carriers, most shippers felt they would rely more heavily on the rails than they do now. Trucks would then be used primarily for short hauls of small lots. Barges would get the bulk lots for long hauls (9).



THE FARMER AS SALESMAN

Promotion campaigns and new products help the producer—and the processor, wholesaler and retailer—sell more of his output

Quarter Cuts for Chicken Broilers Help to Move Less Desirable Parts

When retailers include broiler quarters in their displays along with other cut-up parts, broilers get more display space. With more display space, sales go up.

The producer should be happy—he sells more of his product. The retailer, too, stands to gain. His retail margins on cut-up parts more nearly cover his costs than the margins on the more competitively priced whole birds.

These are some of the observations of a recent market study of broilers in two cities in Ohio. The work was done by the Economic Research Service in cooperation with the National Broiler Council.

The trend to cut up parts has made it harder to get rid of backs and other bony parts, which are not notably popular with customers.

Until recently, some processors who perform the cutting service relied on the export market to take care of their supply of such parts. But rising import duties have just about wiped out this outlet.

To help boost domestic sales for backs, the researchers tried special quarter cuts—legs and breasts with a portion of the back left on.

In both cities, the modified quarters sold for 10 cents a pound below the corresponding part.

Where quarters had been promoted previously, they accounted for a higher proportion of chicken sales during the test. In the city where quarters were relatively unknown, they accounted for 3 per cent of sales. But broilers received more display in each city when quarters were merchandised.

In both cities, sales increased about 16 per cent when quarters were on display. The increase could be explained partly in terms of sales in quarters and partly from sales resulting from the added display space.

Previous research bears out the same point: When a product appears in greater variety of grades, sizes and cuts, and has more display space, its sales go up (11).

Two-Year Study of Dairy Promotion Will Measure Results of Campaigns

What's the best way to make the promotion dollar pay? That's what dairy producers want to know. The Market Development Branch of USDA will help them find out.

This spring the USDA group in cooperation with the American Dairy Association is launching a study to get the answers to several questions. Their nationwide survey will attempt to determine: If increased promotion for fluid milk can boost sales and whether the value of any increase justifies the outlay.

As part of the study objective, the researchers hope to come up with more precise methods for measuring the effectiveness of promotion campaigns for all agricultural commodities.

The dairy industry has already spent sizable sums annually on promoting its products. Its total outlay for promotion was estimated to be \$5 million in fiscal 1958, the last year for which an estimate is available. The industry hopes to reverse or at least lessen the rate of decline in per capita consumption of dairy products (12).

Institutional Markets

Away-from-home eating establishments are a multi-million dollar market for food. It is a market which is largely unexplored and un-researched.

One study in the works, "Market for Food in Schools," will provide valuable information on an important segment of the institutional market.

Such research would provide the government with information relating to civil defense needs, public food distribution efforts, levels of public nutrition and expanding use of farm products. At the same time it would help the food industry to better serve a major market (13).

Shoppers Pick the Reddest Apples Whenever They Get Their Choice

It's red, Red Delicious apples, 3 to 2.

In market tests in Atlanta, researchers used three different displays of Red Delicious apples—apples with almost completely red skins, apples that were about a half to three-quarters red, and a combination of the two.

Customers bought 50 per cent more of the highly colored apples than of the partial-red ones.

When the two groups of apples were mixed together, sales turned out to be somewhere between the high for the bright red apples and the low for the partially red ones.

When customers had the opportunity to choose, they still tended to select the best colored apples, leaving the less colored fruit.

This was evidenced by the fact that, for mixed displays of highly and partially colored apples, spoilage was over 5 per cent.

Spoilage for the displays of partially red apples was only about 1 per cent. It amounted to almost nothing in the displays of highly colored apples alone.

The research was conducted during a six-week period in nine supermarkets (14).

Beef Sales' Popularity Boosts Retail Promotional Prospects And Stimulates Further Sales of Other Retail Market Foods

Bright prospects for successful promotion of beef rest on the self-evident fact that it is easier to sell a popular product than an unpopular one. Beef is popular. In 1961, per capita consumption of beef stood at 88 pounds a year, just about double the figure for 1930.

The money spent on beef is an even more important measure of its uniquely popular place on the American dinner table. While the portion of the family budget going for food tends to decline as incomes rise, the average American has increased his purchases of beef from 2 per cent of his income to 2.5 per cent over the past 30 years, a 25 per cent increase in the portion spent for beef.

Just how long the beef producer, processor, and retailer can expect this trend to last is another matter. American incomes by 1975 have been estimated to rise as much as 20 to 25 per cent above 1960 levels. However, sales of beef will face stiffer competition from other foods as well as non-food items.

But beef should continue to be

one of the strongest items in food store promotion. Beef generates more sales per customer than any other of the approximately 6,000 items the retailer stocks. One recent study indicated that 8 per cent of every dollar spent in food stores is spent for fresh beef, which makes it one of the best traffic builders the retailer has at his command.

The food store manager is well aware of the fact. About 10 to 15 per cent of all retail food advertising goes for beef. A survey of retailers' newspaper ads indicated the share of the cost for all meat was \$130 to \$140 million with \$75 to \$85 million for beef.

Beef is equally prominent in promotion schemes at other levels of the marketing system.

A 1957 study showed that packers spent \$80 million a year to promote meat products, with part of this figure going for beef. Similarly, part of the \$3.4 million producer groups spent on promoting sales of livestock and livestock products in the same year was devoted to beef (15).

SOME PROMOTIONAL PROBLEMS UNIQUE TO FARM COMMODITIES

Farm commodity groups promoting the sale of their products have a unique set of problems.

- Advertising for many farm organizations is largely a matter of trying to sell a commodity instead of a brand, though producer groups may stress the state or regional source.

- The advertiser obtains his money from a number of sources; from the producers themselves, combinations of producer groups, processors and shippers or from legislative appropriations.

- Collecting the funds is another problem. Money for promotions may be collected through volun-

tary contributions, mandatory assessments, checkoffs, state appropriations or direct taxes.

- The group set up to handle promotion generally doesn't take title to the goods, nor does it assume the risk of distribution. This creates problems of coordinating promotion with such distribution functions as pricing, packaging and supply. Marketing cooperatives are the exception to the general rule.

All these points add up to extra problems when it comes to designing and managing a promotion campaign for agricultural products (16).

DEHYDRATED SWEETPOTATOES APPROVED BY HOMEMAKERS

Sweetpotatoes, long losing ground to more convenient, less perishable foods, may now be ready to stage a comeback.

A new product, dehydrated sweetpotato flakes, was recently developed by the Department's Agricultural Research Service. The flakes won favor with a majority of housewives in tests conducted by the Statistical Reporting Service, according to preliminary analysis of the ratings.

The SRS researchers supplied a panel of over 200 households in suburban Washington, D.C., with samples of the sweetpotato flakes to learn consumers' reactions. After trying the flakes, more than 8 out of 10 of the women who completed the test said they would be interested in buying the test product if it were available locally. Convenience seemed to be the major attraction for most of the homemakers. About three-fourths volunteered such comments as "fine time saver" and "very easy to prepare."

Panel members were requested to prepare the test product in two ways and indicate their opinion on a seven-point rating scale. The first week they were asked to fix plain mashed sweetpotatoes. The next week they were given an option of three recipes to try: sweetpotato pie, a casserole with marshmallow topping, or a casserole with orange topping.

A majority of the women were at least moderately pleased with the flakes in both of the recipes they tried, and praised the convenience of the new product in both dishes. However, the flavor of the more highly seasoned recipes—particularly the pie—helped to boost the appeal of the flakes. About 8 women out of 10 who tried the pie liked it very much, roughly 5 out of 10 liked the casserole dishes very much, and only 4 out of 10 gave this favor-

able a rating to the relatively bland plain mashed sweetpotatoes.

The importance of the more elaborate recipes in influencing reactions of housewives to flavor was brought out in the reasons given for the ratings. About 6 women in 10 mentioned taste as one of the things they liked about the mashed sweetpotatoes; 4 out of 10 commented unfavorably on the taste. For the second test dish, over 7 out of 10 said they liked the taste, while only about 2 out of 10, on the average, were critical.

Further evidence of the women's favorable opinion of the sweetpotato flakes is found in their comparisons of the new product with other forms of sweetpotatoes they had used. A little better than half of those who had used fresh sweetpotatoes in the last year (79 per cent of the participants) said they would prefer the flakes for making mashed sweetpotatoes. Again, convenience was the dominant reason for choosing the flakes. And nearly two-thirds of the 65 per cent who had used canned sweetpotatoes in the preceding year indicated they would prefer the flakes for mashed sweetpotatoes; convenience plus a preference for the flavor and texture of the flakes were the major factors influencing their choice (17).

The Price of Produce

Housewives paid \$4 more for their yearly market basket of fresh fruits and vegetables in 1962 than in the previous year. The cost climbed from \$140 to \$144. About \$3 of the increase went to marketing firms and \$1 to producers.

Last year, marketing margins, retail prices, and farm values for fresh fruits and vegetables each increased about 3 per cent. The farmer's share of the retail price remained unchanged at 34 per cent (42).

Sweetpotato Flakes Win Approval With Chefs in Two Sample Cities

Restaurant chefs and their customers are finding that dehydrated sweetpotato flakes are a popular item on their menus.

The new product was developed by USDA in the hope that it would encourage us to reach for more helpings of sweetpotatoes. And now economists in the Economic Research Service tell us the product is passing its first market tests with marked success.

During April and May 1962, the researchers distributed samples of the instant sweetpotato flakes to 88 restaurants and 14 other institutions in Cleveland and New Orleans. Practically all chefs and customers praised the flavor, texture and color of the dehydrated product. More than half of the restaurant owners agreed with their chefs' praise—and said they would use sweetpotatoes more often if the new flake form were made available.

The test was conducted in two phases. In Phase I, all chefs prepared and served mashed sweetpotatoes. In Phase II, the chefs prepared other recipes such as orange or marshmallow sweetpotato casserole or sweetpotato pie.

Chefs in both cities liked the mashed sweetpotatoes best, mostly because of the many other dishes that could easily be prepared from the basic recipe. The casserole dishes were well received by both Cleveland and New Orleans chefs. However, the southerners liked the sweetpotato pie more than the northerners did.

In both cities, the chefs said the flakes made it easier to please the public's palate. Customer reactions to the instant sweetpotato flakes bore out this claim. Some 90 per cent of the Cleveland customers and 80 per cent of the New Orleans customers who tried the various sweetpotato dishes rated them "very good" (18).

More Cleaning Raises Cotton Grade But May Weaken Mill Performance

One . . . two . . . three lint cleanings. What happens?

Grades go up. Weight goes down. Staple length, no difference. Value per bale, sometimes up and sometimes down. To the mill, the use of lint cleaners means less uniform length, more short fibers, and more neps in card web.

That's the broad view of tests run in three cotton regions—California, Texas and the Delta area. The tests were made in the fall of 1961.

One cleaning improved the grade for over 70 per cent of the bales tested. Two-stage cleaning upped this figure to 95 per cent. Three stages upgraded nearly all bales.

The classer's designation of staple length improved slightly but significantly with one cleaning; not at all thereafter.

The weight loss per bale from three stages of lint cleaning in the Delta ranged from 15 pounds for Middling White to 30 pounds for below-grade cotton. At the other end of the extreme, the loss in California bales ran from 18 pounds for Middling White to 55 pounds for Good Ordinary.

Over half the total reduction in bale weight for all areas took place in the first stage of cleaning.

With less weight, but higher grades, bale value for Middling White stayed about the same, or slid a little with each additional cleaning. Bale value generally rose a little for Strict Low Middling or lower White grades after the first cleaning, but changed little or not at all after the second or third.

The bale value of cotton graded as Middling or lower Light Spotted or Spotted generally rose with one lint cleaning, and frequently increased further with the use of two or three cleanings.

The more cleanings, the less foreign matter in the ginned lint.

The bulk of the trash came out in the first cleaning; about half as much in the second; a negligible amount in the third.

However, the quality of the lint in terms of uniform length, percentage of short fibers, and neps in card web was impaired across the board by the use of lint cleaners.

The break factor of Texas and Delta cotton went down as the number of cleanings went up (19).

Share of Cotton Inside 1961 Cars Holds Same as for 1955 Peak Year

Turn all cars inside out and what have you got? A lot of cotton.

More than half the materials that lined and padded the insides of passenger automobiles in 1961 were cotton. That's about the same percentage as in 1955.

From 1955 to 1961, production dropped some 1.5 million cars. And the total amount of cotton used fell right along with the number of cars. Total cotton poundage was cut, too, by the swing to compacts. But the percentage of cotton in compacts had a slight edge over that in conventional cars.

These figures are taken from a study made by the Statistical Reporting Service.

The total amount of cotton used in 1961 cars was 153,999,000 pounds, compared with the 1955 figure of 210,623,000.

Cotton held its own in relation to other materials largely through a greater share of materials used in seat padding, rising 9 percentage points from 1955 to 1961. Without this use, the portion of cotton in 1961 car interiors would have trailed the 1955 level by 17 percentage points.

The portion of cotton used in car upholstery was about the same for the two years but the percentage of cotton used in interior sidewalls slid some 40 points (20).

Stocks of Deciduous Fruits Ample; Offset the Limited Supply of Citrus

Despite the winter of '63 the housewife has a reassuring supply of many canned and frozen fruits other than citrus. Stocks left over from last year should provide the homemaker with normal to above normal quantities of many items at least through the first half of this year.

At the end of 1962 total production of frozen fruits and juices from mainland states was up about 15 per cent from 1961.

In Florida, where most of the frozen orange juice comes from, packers stepped up December production to salvage their freeze-damaged crop. By the first week of January the packs for the year amounted to 26 per cent more than 1961 and stocks of frozen orange juice held over from the previous season were roughly twice as much as the year before.

It's a different story for frozen grapefruit juice and blended grapefruit and orange concentrate. Little production if any of either juice had been reported out of Florida for the 1962-63 crop at the beginning of this year, and stocks on hand from the 1961-62 season were only about the same as the year before.

Supplies of citrus juice were bolstered by the above average production of chilled orange juice in Florida toward the end of 1962. The output of chilled orange juice between October and the first week of January was almost a third bigger than the year before.

And while the supplies of frozen deciduous fruits were down a little from 1961-62 levels, the 1962-63 pack of canned deciduous fruits was headed for a new record.

What with higher year-end stocks of canned fruits, and continued heavy shipments of pineapple from Hawaii, total supplies of canned fruit should be a little bigger through June than in the first half of 1962 (21).



U.S. TRADE AND THE BIG SIX

With a population roughly equal to that of the U.S., the Common Market is a big outlet for our agricultural production

The European Economic Community as a market for American farm products is important just about any way you measure it.

The population of the present six members of the EEC, along with Greece, the only associate member, just about equals the U.S. at 180 million people.

Together, the EEC, or The Six plus Greece, and the United States are the leading trading partners of the world. They account for more than half of the combined world export and import trade and, of greater importance to American farmers, 45 per cent of world agricultural trade.

In 1962 the U.S. exported \$1.2 billion worth of agricultural products to the EEC, according to preliminary estimates. Most of it was dollar sales.

What then is going to happen to this market when the EEC's Common Agricultural Policy, in effect less than a year, begins to take hold?

The regulations in the policy directly or indirectly affect wheat and flour, feed grains, poultry meat, and fruits and vegetables. All together, these commodities were worth \$500 million of the U.S. farm products ex-

ported to the EEC in fiscal 1962.

Tobacco exporters, meanwhile, are concerned by the incidence of ad valorem rates on the relatively high priced U.S. leaf. These rates will go into effect as EEC member countries gradually adopt the common external tariff.

Cotton, the single most important export commodity, is not covered by the EEC agricultural policy. Soybeans and soybean meal are bound duty free.

The restrictions mean U.S. farm products face some tough bargaining to hold on to sales.

All the tendencies so far indicate that members of the Market regard third countries as residual suppliers. The balance of production and consumption will be made through adjusting imports, rather than domestic production.

The fate of some U.S. commodities was roughed out recently by Walter Hallstein, president of the EEC Commission, at a talk in this country. Speaking rather broadly, Dr. Hallstein mentioned only coarse grains, high-grade wheat, beef, and vegetable oils and fats as the agricultural commodities which the Community will still need to import in order to meet demand (22).

Market Policy for Imports of Grain Likely to Cut Into the U. S. Trade

How much wheat and feed grain will the U.S. be selling in the Common Market by 1970?

That's the year the Market's Common Agricultural Policy (CAP) becomes fully effective.

At this point there are still a lot of *ifs*.

The six-member community is due to set a common price for grains sometime this spring. This price will be the key to the Market's entire program to raise domestic farm production and income.

Grain is the Market's most important crop. Some 45 per cent of total cropland is planted to grain, which in turn is the chief input in the production of livestock, especially pork, and poultry and eggs. Market planners hope to set prices so that wheat and feed grain can be freely substituted, both in production and consumption as feed.

So the ultimate level of farm income support, consumer prices, and even the volume of imports will depend on where the Market sets grain prices.

ERS economists have projected probable U.S. grain exports to the Market under four possible price levels.

To do this, they had to make several assumptions. First, they assumed higher production within the Market itself. Second, they assumed our share of the Market's feed grain imports would stay around the 1959-61 level, or 41 per cent of all imports. Third, they assumed gross Market exports would continue at the 1957-59 level of 2.1 million metric tons if national price policies are continued, which is not likely, but no exports if any one of three other possible price levels is adopted.

If present national policies are adopted by the CAP, U.S. feed grain exports in 1970 would be slightly above the average level

for the period 1957 to 1959.

If the German price is used, our shipments would likely fall to about one-fourth the 1957-59 average.

If the Market accepts the French price level, lowest in the community, our exports would probably not drop by much.

If an average German-French price is adopted, we could expect exports of 1.6 million metric tons, not much better than one-fourth of our 1957-59 average.

On the brighter side, and what the projections don't show, is the fact that the CAP by 1970 will eliminate all bilateral agreements between Market members and other countries.

What this could mean for U.S. exports can be seen in the feed grain trade.

The U.S. share of EEC feed grain imports was 41 per cent in 1959-61. Liberalization of dollar imports and effective elimination of bilateral agreements could help the U.S. expand its share to 50 per cent by 1970. Since ending some agreements, Italy now buys more feed grain from us.

In fact, American agriculture stands to gain much more from any increase in total feed grain imports by the EEC than from an increased level of total wheat imports (23).

Exports to Hemisphere Countries Drop Below the Level Set in 1961

Exports of U.S. farm products to western hemisphere countries totaled \$950 million during calendar year 1962, according to preliminary trade statistics. This was \$32 million below 1961, but \$30 million above the average for 1957 to 1961.

Shipments to countries in this hemisphere amounted to 19 per cent of total U.S. farm exports last year, down 2 per cent from the 1957-61 average.

Our imports from countries in this hemisphere in 1962 amounted to \$1,855 million. In 1961, the import figure was \$1,803 million. From 1957 to 1961, U.S. imports of farm products from this hemisphere averaged \$2,109 million a year.

Western hemisphere countries accounted for 48 per cent of total U.S. agricultural imports during 1962, down 6 per cent from the previous five-year average.

Canada was our number one export market in 1962, both in world and hemisphere trade, if transshipments of U.S. farm products are included in the total. Canada took goods valued at about \$512 million in 1962, an increase of \$21 million over the previous

year. If transshipments are excluded, the number one place in our world trade would probably go to Japan.

Agricultural shipments to Brazil, our second most important customer in the hemisphere, amounted to about \$94 million, a decrease of \$18 million from the high of \$112 million during 1961. Reduced wheat grain shipments accounted for the decline.

Our agricultural imports consisted primarily of coffee, sugar, cattle, bananas and cocoa. These commodities totaled \$1,362 million, or 73 per cent of total agricultural imports from countries in this hemisphere (41).

Tallow Leads U.S. Farm Exports To Young Ivory Coast Republic

The Ivory Coast, a country about the size of New Mexico, lying on the underside of Africa's great western bulge, sends 15 per cent of its exports to the U.S.

The U.S. is, in fact, the second best customer after France for the products of this former territory of French West Africa.

Exports to the United States are largely coffee and cocoa. In 1960, the Ivory Coast, which within recent years has become the world's third or fourth biggest producer of coffee, shipped \$13.4 million worth of that product to this country. This was close to 18 per cent of their total coffee exports. Exports of cocoa to the U.S. amounted to \$7.6 million in the same year, 21 per cent of their total exports.

U.S. exports to the Ivory Coast, largely non-agricultural, totaled over \$4 million in 1960. The leading U.S. farm exports to the young African republic are tallow and wheat flour. They had a combined value of \$70,000 in 1960. Tallow exports, however, amounted to \$67,000 of the total.

Other Ivory Coast exports: bananas, palm kernels (for oil), pineapples and fruit juices (24).

C.A.P. AND U.S. GRAIN EXPORTS

Common Market grain	1957-59 average	Projections for 1970			
		IF national policies continue	IF EEC accepts German price level	IF EEC accepts French price level	IF EEC averages German-French price level
Million metric tons					
Production	50.5	64.9	69.4	65.8	7.9
Consumption	59.8	73.7	72.8	74.6	73.7
Balance	-9.3	-8.8	-3.4	-8.8	-5.8
Gross imports*	11.4	10.9	3.4	8.8	5.8
Imports from U.S.	4.0	4.1	1.0	3.3	1.6
Wheat	1.1	0.4	0.4	0.4	0.4
Coarse grains	2.9	3.7	0.6	2.9	1.2

* Gross import projections assume gross exports at the 1957-59 level if national policies continue, zero under all other situations. Projections assume total grain imports include 2.0 million tons of wheat, the balance in coarse grains.

Longstanding Trade Regulations of Common Market Members To Be Superseded as EEC Agricultural Policy Takes Effect

The EEC's Common Agricultural Policy (CAP) is a series of new threads being woven straight through five separate and distinct fabrics—the longstanding national agricultural policies of members of the European Economic Community.

Strands already in place are the CAP regulations on imports of wheat, grains and products, pork, poultry and eggs, fruits and vegetables which last July superseded the tariffs and levies of individual members.

The CAP is designed to raise farm income in member countries, not through tax support as in the United Kingdom, but by means of market price supports largely based on net deficit trade positions. However, almost no effort will be made to restrict production. Virtually the entire impact of marketing restrictions will be borne by non-member countries.

By 1970 the CAP will completely replace the five national policies of member countries—France, West Germany, Italy, the Netherlands and Belgium-Luxembourg. Although politically independent, these last two countries have an integrated economic structure.

But for the next few years, national policies will still to a large degree determine the domestic production incentives, import controls, export subsidies and other factors that affect our own markets in EEC countries.

What, then, are the national policies of The Six?

France—The biggest farm producer in Western Europe, France has a policy aimed at raising farm income, not by increasing prices, but by consolidating small inefficient plots, updating farm methods and machinery and making other structural improvements in agriculture. France also expects to benefit from the expanded market

in other EEC countries.

In addition to commodities now under the CAP levy system, France uses tariffs on imports from non-EEC countries of some animals for slaughter as well as cheese, milk, vegetable oils and sugar.

Import controls are quite strict for U.S. farm products but France hasn't been able to justify import restrictions because of balance of payments problems since June 1960.

The French have 37 bilateral trade agreements with other countries, seven of them with the Sino-Soviet bloc. Such agreements, however, will come to an end for all EEC members, including France, when the CAP becomes fully effective in 1970.

West Germany—Up to now German policy has tried to bring farm income up nearer the level of non-farm income by means of price supports, import controls, direct subsidies and development programs. Many of these tools will be eliminated by the CAP.

West Germany expects more competition in domestic markets from other EEC members as trade barriers fall. It's likely that future policy will be directed toward producing more farm products more efficiently and improving quality control and marketing systems.

Before the CAP, about three-fourths of domestic farm output was protected by quantitative import controls. The CAP is in effect increasing the protection German farmers get against imports from non-EEC countries.

Italy—Farm policy is designed to raise farm income, balance the labor force among all sectors of the economy, step up production and markets for export crops, improve the domestic marketing system and help the country produce more of its own food and fiber.

In the past, the government used quotas and licenses to control imports. But since December 1962 imports from all countries, except the Sino-Soviet bloc, have been considerably liberalized.

Instead of quota restrictions, the government recently announced that it will authorize global purchases from time to time to meet consumer demand for meats, butter and edible oil at reasonable prices. However, the government with EEC approval, will still control imports of tobacco, bananas and wheat until July 30, 1963.

Netherlands—Government policy aims more and more these days toward preventing farm surpluses and making farmers face the realities of the marketplace. For sugar beets and industrial potatoes, the government guarantees the price only up to a specified quantity. Grains are price supported with no quantity limitation. There is no support price for such commodities as eggs, slaughter poultry, beef, table potatoes, pulses, flax and oilseeds.

Since its recovery from World War II, the Netherlands has had a fairly liberal import policy. There is no state trading and the Dutch guilder is freely convertible.

The Dutch tariff policy, briefly stated, is little or no tariff on raw products, but progressively higher tariffs on processed products.

Belgium-Luxembourg — Once the CAP topples national protective barriers, Belgian farmers, like the Germans, expect more competition in their own markets from other EEC members that can produce some commodities more cheaply.

To counter this competition, Belgium is trying to reform its agricultural structure to increase production efficiency.

The agricultural policy includes a five-year program to improve and consolidate fragmented tracts and step up agricultural research, extension work and vocational training (25).

Agricultural Shipments to Philippines Expected To Be up in Next Decade

Projections for Philippine production and income indicate that total industrial and agricultural output should increase by \$9.4 billion to \$15.2 billion in 1975 or two and a half times the 1956 level, the base year for the projections.

Agricultural and industrial imports, by the end of the same period, should be nearly three times the 1956 level of \$340 million.

The increase in domestic production should bring about a shift in the character of imports, notably in an increased emphasis on raw products instead of finished goods.

These projections, all in terms of 1956 dollars, are based on several assumptions: The Philippine population will increase by 3.2 per cent a year, reaching a total of 44.5 million people by mid-1975; total domestic product will advance more than 4.5 per cent a year between 1959 and 1965, and by something over 5 per cent from 1965 to 1975; and the growth rate of the annual per capita gross domestic product will be about 1.5 per cent from 1959 to 1965, and over 2 per cent the following 10 years.

These are the findings of a long-term study on the Philippine economy completed under contract for the Economic Research Service.

The effect of the projections on imports of some leading agricultural commodities would be:

Rice—With a 75 per cent increase in domestic production of rough rice assumed for 1975, no imports of rough rice are expected after 1965.

Wheat—Imports of wheat will probably shift almost completely from flour to grain between 1965 and 1975. However, the government may authorize the import of some flour to prevent absolute control of flour marketing by domestic mills.

Meat—Despite rapid increases in domestic meat production, imports of meat should rise sharply by 1965, and, in the process, shift from canned to fresh frozen meat and live animals for slaughter. Imports of canned meat should be almost negligible by 1975.

Imports of fresh frozen meat in 1975 should be more than four times the 1959 level. Imports of slaughter animals should be more than five times the 1959 level by 1965, and more than nine times bigger in 1975.

Dairy products—Increased domestic production of filled milk

should cause a temporary drop in dairy imports. But they should increase substantially after 1965.

Cotton and cotton textiles—Under current government programs, the Philippine textile industry should soon develop to the point where it can meet all domestic requirements. No imports of cotton textiles are projected for 1975, but raw cotton imports—at 72,304 metric tons—should be more than twice the 1960 level.

The projections differ somewhat from the goals set by the Philippine government last June.

The incoming administration announced its aim of increasing per capita gross domestic product by an annual rate of 3 per cent for the next 20 years. The Philippine leaders also moved to relax restrictions that currently exist on foreign exchange (26).

Australian Program May Increase Competing Farm Product Exports

Speedier, more regular shipping operations will enable Australia to increase all her farm exports to a world-wide market.

Bulk handling, improved shipping facilities, more favorable shipping rates and new export markets should reduce Australia's unit costs for farm exports.

Although still largely experimental, adoption of standardized and bulk packaging should also help reduce distribution costs. Shipping and cargo facilities will continue to improve as the export market expands.

Australia ships rice and canned goods in bulk cargo lots to Canada. Lower freight costs per unit will make Australia's exports even more competitive with other suppliers such as the U.S.

Agreements on new formulas for ocean freight rates were concluded early in 1962 with British and European shipping companies. The formulas provide new rates tied to more frequent shipments and greater tonnage (28).

Country	Agricultural imports from the U.S. in 1961			Gold & dollar reserves in 1961
	Com- mercial	U.S. govern- ment program	Total	
Million dollars				
Japan	531	23	554	1897
Canada	491	—	491	4163
United Kingdom	399	32	431	4961
West Germany	354	17	371	6508
Netherlands	316	2	318	1800
India	44	216	260	331
Italy	196	42	238	3459
Spain	61	93	154	470
Belgium	119	1	120	1582
France	105	7	112	3114
Brazil	8	104	112	514
UAR-Egypt	7	89	97	189
Turkey	1	69	70	165

OLD STANDBY; NEW TRICKS

Cleaned, flavored, shaped, popped, shredded, puffed, toasted, or coated—it's breakfast cereal, hot or cold

Hot or cold, cereals long have been the mainstay of breakfast.

Manufactured breakfast foods, relative newcomers, were first introduced around the turn of the century. Over the years, total consumption has increased right along with the growth in population. In 1961, 1.7 billion pounds disappeared across the nation's breakfast tables. This is about 10 pounds per person, or something over thirteen 12-ounce boxes every year.

Per capita consumption of all cereals has been fairly steady, although individual preferences tend to change every time something new is advertised. However, cold breakfast foods have been gaining steadily on the cooked varieties.

Per capita use of hot breakfast foods dropped from 5.3 pounds in 1939 to 3.5 pounds in 1958. At the same time, the consumption of ready-to-eat cereals increased from 4.4 to 6 pounds per person.

The cereal manufacturers haven't been content to sit and wait for more cereal-eaters to appear. They've been promoting their products vigorously. Two of the more recent campaigns are aimed at selling cereals as between meal snacks and new kinds of high protein, low-fat breakfast foods for dieters in the family.

Four large companies dominate the cereal industry. And each has a research staff working on new types of cereal and on improving their established brands. Because cereals are so similar, by the time one company puts a new variety on the grocery shelf, the competitors offer something different too.

Since it is easy for the shopper to substitute one brand for an-

other, the companies are not apt to compete on price. Instead they promote their brands with gifts in the packages, coupons, special offers and so forth.

In their attempts to get their brands into the shopping cart, the major companies put at least 12 new types of breakfast food on the market from 1959 to 1961.

Another development, although costly for the manufacturers, is the single-serving box. The convenience of the little box has given the cold cereals a big boost, even though it costs more to package than the larger box. The single-serving size is ideal for restaurants and other public eating places and it's handy at home, too. However, the price per ounce for the little packages is more than double the cost of the big boxes.

Cold cereals with sweet coatings are an innovation of the breakfast-food makers that was slow to catch on. But once they did, they were a runaway success. Sugar-coated cereals were marketed as early as 1939 but the public didn't take to them. In 1950, sweetened cold cereals made up 5 per cent of all ready-to-eat cereals. By 1961, their share was 21 per cent.

Manufacturers use several kinds of grains in making cereals. In 1961, oats were 43 per cent of total grains used. About 26 per cent of the grains in cereal were wheat. Corn accounted for 20 per cent. Rice accounted for most of the remaining 11 per cent along with small amounts of malt barley and soy flour.

Corn flakes are the most popular of the dry cereals. They equal 85 to 90 per cent of the output of ready-to-eat corn cereals. In the hot cereal line, Americans eat more bowls of rolled oats than any

other cooked variety.

Prices of cereals have gone up faster than the cost of most foods. From 1947-49 to 1961, retail prices of all food increased 28 per cent while prices of corn flakes and rolled oats, the big two in breakfast cereals, went up 54 per cent. Breakfast food manufacturers have higher net profits than most food processors.

In 1961, the housewife paid an average of 26.4 cents for a 12-ounce package of corn flakes and 22.4 cents for 18 ounces of rolled oats.

Food Consumption and Prices in '63 Following Pattern of Recent Years

It looks like the American housewife—and her husband and her children—will be eating about as much this year as last, though she may spend a little bit more for what she and her family eats.

The chances are, however, that the percentage of the family income spent for food will be no greater this year, perhaps even a shade less, than it was in 1962.

That, at least, will be the story if 1963 follows the pattern set last year.

Per capita expenditures for food rose 2.8 per cent from 1961 to 1962 because of higher food prices, more marketing and processing services in the food we bought, and our continuing preference for higher value foods.

Even so, food continues to take a smaller and smaller share of our incomes. In 1962, only about 19 per cent of the consumer's disposable income was spent for food and related services. The average for 1947 to 1949 was 26 per cent.

This year may also see us eating a few more meals out. The volume of our purchases in grocery stores rose almost 4.5 per cent in 1962, compared with 1961. In the same period we spent about 5.5 per cent more in eating and drinking places (43).

SOLUTION FOR SQUEEZE: EXPAND

DAIRY SUPPLEMENT

3 pages of news about farming, marketing, and the consumption of dairy products, plus

DAIRY FACTS

In order to cope with the cost-price squeeze, even the larger farmer generally will try to expand his business.

This is one of the points made in a recent study of Minnesota dairy operations.

The dairy farms surveyed typically were two-man operations equipped with stanchion barns having space for 37 cows. On the average, these farms also have storage for 150 tons of corn silage, space for farrowing six sows and about 200 acres of cropland.

Altogether, the average investment in machinery, livestock and other chattels is about \$28,000.

Two major alternatives for making more income from dairying were investigated in the study. The possibilities considered were either expanding the hog enterprise with the present stanchion barn dairy or replacing the stanchion barn with a loose-housing setup.

Whether expansion is profitable or not is, of course, mainly a matter of prices. In a mock-up of the farmer's future production, the price of grade A milk was set at \$3.70 per hundredweight and the market price for hogs at \$15.50 per hundredweight.

With these resources and prices, the herringbone milking parlor combination would return the farmer and his help an estimated \$19,000 in annual net income, \$2,000 more than could be made if he chose to enlarge his farm operation and keep the stanchion barn.

With the loose-housing dairy the farmer would milk 82 cows, farrow 6 sows, feed out about 40

purchased feeder pigs and buy 41 more acres of land.

However, the herringbone parlor combination will cost more than the expansion plan with the stanchion barn. The changes under the loose housing setup cost an estimated \$60,000.

But money isn't the only problem. The farmer needs to be a better than average manager and he needs cows capable of producing at least 10,000 pounds of 3.5 per cent milk (30).

Lake Staters Are Out in Front In 1962 Dairy Production Gains

Lake states led the rest of the country in stepped up dairy production for 1962, according to the latest estimates for last year. The leading dairy production region in the U.S. gained 700 million pounds over 1961.

However, Lake states' farmers made their largest percentage gain during the first half of 1962.

Producers in the second largest dairy region, the Northeast, suffered from dry weather and poor pasture during the summer, gaining 1.2 per cent over 1961 in the second quarter after making a 2.9 per cent gain in the first quarter. With rain in August and heavy feeding of grain, production gained again in the fall, and for 1962 the region's production was up 263 million pounds of milk or 1 per cent over 1961.

Production levels at the end of 1962 and in January indicate output in the first quarter of 1963 should be little different than a year earlier (31).



1962 Commercial Supplies Lower; CCC Purchases Raise Year's Total

At the end of December 1962, total stocks of manufactured dairy products were 11.2 billion pounds of milk equivalent, 1.4 billion pounds more than the December 1961 figure. Seven billion pounds of these stocks were in government-held commodities and 4.1 billion pounds in commercial stocks.

While stocks of dairy products in government hands rose 2.2 billion pounds during 1962, commercially-held stocks dropped 0.8 billion pounds. These stocks do not include approximately 50 million pounds of butteroil and ghee in government hands.

By product, commercial stocks tallied up like this:

Butter in storage totaled 31 million pounds at the end of December—20 million pounds were on hand a year earlier.

American cheese stocks declined in 1962. They fell 59 million pounds from December 31, 1961, to a level of 307 million at the end of 1962.

Supplies of evaporated and condensed milk on hand in December also were lower. On January 1, 1963, warehouses contained 141 million pounds of evaporated milk and 4.5 million pounds of condensed milk.

Commercial stocks of nonfat dry milk at 98 million pounds were down sharply from the 133 million on December 31, 1961.

Commodity Credit Corporation purchases of dairy products dropped off in July 1962. For the last half of 1962, amounts bought were less than a year earlier. However, for all of 1962, CCC purchases were the equivalent of 10.6 billion pounds of milk, 2.7

billion pounds more than 1961.

American cheese production was 1,090 million pounds in 1962, 50 million pounds less than 1961. However, commercial stocks were reduced by about 59 million pounds in 1962, so that CCC purchases increased in spite of lower production.

Production of nonfat dry milk rose 8 per cent in 1962, and CCC purchases of nonfat dry milk were above a year earlier in every month through August. From September to December they were slightly lower. Total deliveries to CCC in 1962 were 1,378 million pounds compared with 1,086 million pounds in 1961 (32).

Dairymen Set Efficiency Record Doubling Milk Production Per Hour

More and more milk—but fewer cows and less labor. Dairy farmers are getting more efficient as the years roll by.

Producers are turning out over twice as much milk for each hour of their labor now than they did in 1945. This comparison measures only the time spent with the cows—the hours used in producing feed and caring for herd replacements is excluded.

More recently, labor efficiency in dairying has picked up even faster. From 1954 to the present, milk production per manhour has increased annually almost three times as fast as 1945 to 1954.

And look at what happened to the number of cows on farms. On January 1, 1945, cows and heifers kept in milking herds numbered 28 million. On the same date 16 years later, the figure was 19 million. At the same time, annual milk production went from 120 billion pounds in 1945 to 125 billion in 1961 (33).

New Low-Fat Milk Study Underway To Survey Effect on All Milk Sales

Low-fat milk, usually called "two-per cent" milk, was introduced to the consumer about 10 years ago. Already it appears to have established a place for itself in the dairy market.

Low-fat milk was first sold in 1951 in Midwestern order areas. By 1956 it had appeared in the Plains and New England. By last year it was widely available.

Preliminary studies pegged sales for low-fat milk at 3 per cent of all fluid sales—where data were available—slightly below sales of skim milk (when reported separately) and slightly above buttermilk. A study now underway will provide more detailed information.

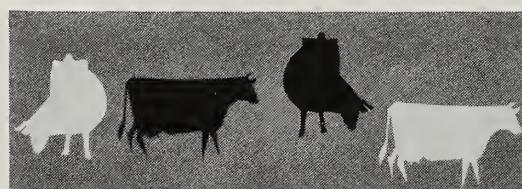
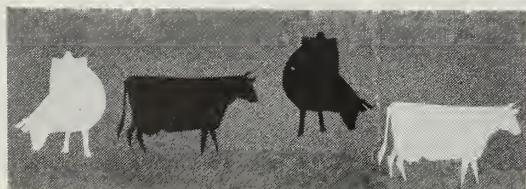
Low-fat milk usually contains about 2 per cent butterfat, though in some markets the range is between 1.5 and 2.5 per cent. Minimum butterfat for whole milk runs from 3 to 3.8 per cent, by state regulations.

The researchers would like to know what part low-fat milk has played in the recent increase in skim milk sales. Most reports tend to lump the two products together.

The current research is a joint effort of the Economic Research Service, the Agricultural Marketing Service, and the Statistical Reporting Service. The study explores such questions as the effect of low-fat milk on sales of whole milk and the potential market for the product.

By March last year, low-fat milk was being sold in 71 of the 80 areas regulated under Federal Milk Marketing Orders.

Data for this study will not be released until the research has been completed (34).



Farm Animals Continue to Dine But Not on Milk and Products

Farm animals are getting less milk in their rations than they used to.

Back in 1940, nearly 1.9 million tons of milk and milk products were fed to animals on the farm where the milk was produced. This included 1.5 million tons of skim milk and buttermilk and 0.2 million tons each of whole milk and whey.

In 1961, milk fed on farms had fallen to an estimated 0.7 million tons including 306,000 tons of skim milk and buttermilk, 153,000 tons of whole milk and 268,000 tons of whey.

Back in the 1930s, about 35 billion pounds of milk were separated on the farm; the cream was sold and most of the skim milk was fed to livestock. In 1961, only about 7 billion pounds of milk were used in this way.

The same is true for buttermilk. The approximately 10 billion pounds of milk churned on the farm in the 1930s has fallen to about 1 billion pounds.

The use of whole milk, too, has been dropping. Since World War II, commercial calf feeds have become more and more popular, replacing much of the milk formerly used. Consequently, only 153,000 tons of whole milk were fed on farms in 1961.

The quantity of whey used on farms has fluctuated a good deal over the years. Amounts fed reflect both the amount of milk sold for cheese making and the proportion returned to the farm. In 1960 and 1961 when cheese production increased, use of whey for feed also moved up. Whey fed to livestock in 1961 reached 268,000 tons (35).

1963 Cow Numbers

- Judging from the number of cows and heifers on farms this January 1, an average of about 16.7 million cows will be milked during 1963. Total milk output is likely to be around 126.5 billion pounds this year with production per cow 200 pounds above 1962's level of 7,370 pounds. As a rule, the average number of cows milked each year runs about 2 million less than the number of cows and heifers on January 1. For example, 19.2 million cows and heifers, 2 years old and older, were in milking herds on January 1, 1962, and 17.1 million cows were milked

New Parity Price Series Adopted For Manufactured Dairy Products

As of November 1962, the parity price equivalent for manufacturing milk was placed on a new base. The new base covers all manufacturing grade milk and replaces a more limited price series which reported prices for milk paid by plants producing American cheese, evaporated milk and butter with nonfat dry milk. It will offer a stronger statistical basis for calculating the parity price equivalent, but should make little difference in its level.

The manufacturing grade milk price is a part of the price series for all wholesale milk. This in turn is used to compute the parity price for all milk marketed at the wholesale level.

The parity price equivalent for manufacturing grade milk gives the dairy industry a standard for evaluating prices for manufacturing milk which is similar to the basis given by the parity price for evaluating the price of all wholesale milk (37).

Dairy Products in Next 25 Years To Be Less Perishable, Less Bulky

The dairy industry can look forward to a less perishable product within the next generation and probably a less bulky one as well.

In the next 25 years, there will be less labor per unit of output in the dairy business, according to an ERS economist.

The smaller amount of labor would simply be a continuation of the trend to automation throughout all industry. For dairying the key inventions have already been made. They are continuous pasteurization and in-place cleaning of pipe lines.

Developments in electronics, to reduce the cost of control devices, and in engineering, to adapt the techniques to dairying, will further the trend.

Maximum flexibility in investments will help the dairyman meet the changes when they come. As a practical measure, he can step up allowances for depreciation and obsolescence of equipment and facilities. The fast write-off makes it easier for him to modify his operations.

On the negative side is the effect of innovation on business in general. The firm that doesn't keep up with changes is apt to be the firm that fails. More businesses cease to exist because they couldn't or wouldn't keep up with innovation than fail because they bet on a development that didn't pan out.

In the realm of innovation, it should be noted that management techniques are also subject to change. Tomorrow's manager, though he still may be born, will also have to be made, if he intends to survive in his increasingly complex and fast paced industry (38).



Prices for Milk and Dairy Products Are Expected To Be Lower This Year

It is nice to know that one of our basic foods, milk, costs no more this year than last. Even better to hear that the price may be a shade less.

The housewife should find a quart of milk costing her a fraction of a penny less this year than last. It's a bit of pleasant news which should be true of home-delivered milk as well as milk bought at the store. A quart delivered by the milkman averaged 26 cents in December 1962; a half cent less than December 1961. The difference should continue at least through the first part of this year.

It looks like ice cream will be a bit less expensive this year. Last December a half gallon of ice cream cost roughly 85 cents, about a cent less than year earlier prices.

Butter should tell the same story—a cent or so under prices of 1962, at least through the first quarter of this year. After that prices may return to the 1962 level.

The slightly lower prices the housewife sees are, by and large, the result of the drop in support prices for dairy products that occurred a year ago this month. The change affected all dairy products, but some less than others.

There was, for instance, an almost invisible drop in the price of half pound packages of cheese. Packaging cheese is a service to the customer and, as such, it adds to the cost of marketing. The more it costs to market a farm product, the less responsive it is to changes in the price back on the farm.

While the housewife is shopping for butter and other dairy products she may find the price of a pound of margarine is about a penny less than it was last year. The decline in the price of margarine follows a decline in per capita consumption. Also there were heavy supplies of food fats and oils last year (39).

Fountainhead of statistics on the nation's dairy industry is the U.S. Department of Agriculture.

The two USDA agencies that supply the bulk of these statistics are the Economic Research Service and the Statistical Reporting Service. ERS and SRS publish statistics on every phase of dairy production, distribution, manufacturing, and storage—at regular intervals ranging from once a week to once every five years.

In general, SRS statistics are new, basic data; ERS statistics are an interpretation of these and other basic figures in terms of prospects for the various segments of the dairy industry.

Economists and statisticians in ERS and SRS keep abreast of the dairy situation with literally hundreds of statistical series, which are based on the numerous data collected by USDA and other federal agencies.

The main reports in which ERS and SRS statisticians and economists publish figures on the dairy industry are described in *Dairy Facts*.

The list also includes a few complementary reports of three other USDA agencies—the Agricultural Marketing Service, the Foreign Agricultural Service, and the Agricultural Stabilization and Conservation Service (40).

(Milk Production).

Farmers got less money for their milk in the first 2 months of this year than a year ago. The price for all wholesale milk averaged \$4.20 a hundredweight, compared with an average price of \$4.34 for the same period in 1962 (*Agricultural Prices*).

In line with price changes on the farm, the housewife paid slightly less for her bottle of milk this year than last. The price of a quart of milk delivered at home averaged 21.0 cents this January and February compared with 22.7 cents last year. Retail prices of all dairy products were about 3 per cent below the same period of last year (*Fluid Milk and Cream Report*).

DAIRY FACTS

ERS AND SRS REPORTS

Current Statistics

The Dairy Situation

For those who want their statistics in one package and summarized—but not too briefly—ERS publishes the "Dairy Situation."

It is issued five times a year; in February, April, June, August and November. A December issue is being discontinued in 1963.

The prime functions of this publication are to present the current dairy situation and to analyze factors affecting the prospective situation, typically the next quarter or next year, but sometimes the next several years.

The situations and projections are for the entire dairy industry—farmers, farm leaders, and manufacturing and distributing interests. Another purpose is to present tables of the most significant statistics on dairy supply, demand, price, and outlook. These tables are chiefly for the use of analysts, research workers, and those who plan the production and marketing of dairy products.

A regular feature of the "Dairy Situation" is a one-page tabular summary that shows the statistical highlights of the current dairy situation. (See p. 24.) The statistical series abstracted in this summary are published yearly in a supplement to Statistical Bulletin No. 303, "Dairy Statistics

Through 1960." (See p. 29.)

Other tables and charts present current summary figures on production, market movement, stocks, consumption, and prices; they also contrast the current figures with those of earlier periods.

Special studies of various economic aspects of dairying and pertinent statistics released by agencies in other government departments, such as the Bureau of the Census, are also reported from time to time.

Main contents of the five issues follow a similar pattern each year.

February: (1) End-of-year report of dairy production and consumption; forecasts are November outlook statements adjusted to latest information, chiefly that contained in the report and analysis of January 1 milk stock numbers. (2) Report of some aspect of the dairy-support program.

April: (1) Report of first-quarter dairy situation. (2) Forecast of second quarter. (3) Report of disposition of farm milk during the previous year—amount sold to plants and dealers, amount retailed by farmers, and amount used on farms.

June: (1) Forecasts of situations for third quarter of the year. (2) Forecast of production and consumption for the current year. (3) Revised figures for previous year's consumption. Although these figures are not final they usually do not differ greatly from the final ones.

August: (1) Analysis of survey

CONTENTS

ERS and SRS reports

Current statistics:

- The dairy situation, p. 23
- Milk production, p. 25
- Fluid milk and cream report, p. 25
- Milk prices paid by creameries and cheese plants, by states, p. 25
- Evaporated, condensed, and dry milk, p. 26
- Butter, cheese, ice cream, p. 26
- Milk distributors' sales and costs, p. 27
- Cold storage report, p. 27
- Agricultural prices, p. 27
- Marketing and transportation situation, p. 27
- National food situation, p. 27
- Foreign agricultural trade of the United States, p. 29

Annual statistics:

- Milk production and dairy products, annual statistical summary, p. 29
- Milk production, disposition, income, p. 29
- Production of manufactured dairy products, p. 29
- Fluid milk and cream consumption in selected marketing areas, p. 29

Every five years

Reports of other USDA agencies

Agricultural Marketing Service:

- Market news reports, p. 30
- Milk order reports, p. 30
- Milk donations, p. 30

Foreign Agricultural Service

Agricultural Stabilization and Conservation Service

DAIRY FACTS

The Dairy Situation at a Glance

Item	Unit	November			December			January		
		Average 1957-59	1961	1962	Average 1957-59	1961	1962	Average 1957-59	1961	1962
<u>Prices received by farmers:</u>										
All milk, wholesale, per 100 pounds:										
Actual price	Dol.	4.59	4.55	4.40	4.49	4.55	4.29	4.39	4.39	4.20
Seasonally adjusted price	Dol.	4.14	4.10	3.96	4.16	4.12	3.97	4.18	4.18	4.00
Parity price 1/	Dol.	4.97	5.12	5.28	4.97	5.13	5.30	4.89	5.23	5.35
Percentage of parity	Pct.	84	80	76	84	80	75	85	80	75
Milkfat in cream, per pound										
Actual	Ct.	61.2	61.0	58.7	61.4	61.3	58.7	60.5	61.0	58.9
Parity price	Ct.	75.0	74.9	77.1	75.0	75.2	77.3	73.7	76.0	77.4
Percentage of parity 2/	Pct.	82	81	76	82	82	76	82	80	76
Manufacturing grade milk:										
Actual price, per 100 pounds	Dol.	3.42	3.54	3.33	3.36	3.51	3.30	3.30	3.46	3.24
Parity equivalent, per 100 pounds (new basis)	Dol.	---	4.03	4.16	---	4.08	4.18	---	4.14	4.19
Fat content	Pct.	4.00	3.95	3.94	3.91	3.88	3.87	3.83	3.82	3.80
Wholesale prices:										
Prices paid by fluid milk distributors, per 100 pounds	Dol.	5.66	5.57	5.50	5.62	5.54	5.47	5.54	5.48	5.40
Butter, 92-score, Chicago, per pound	Ct.	61.9	60.5	58.0	61.0	60.5	58.0	58.7	60.5	58.0
Cheese, American Cheddars, f.o.b.										
Wisconsin assembling points, per pound	Ct.	34.1	37.4	36.8	34.4	37.4	36.8	34.0	37.4	36.9
Evaporated milk, average price, per case	Dol.	6.19	6.29	6.05	6.22	6.29	6.05	6.08	6.29	*
Dry whole milk, average price per pound	Ct.	38.8	34.5	34.3	39.6	36.3	34.3	38.3	35.9	*
Nonfat dry milk solids, average price per pound	Ct.	14.2	16.0	14.4	14.2	16.2	14.4	14.7	16.2	*
Prices paid by condenseries, per 100 pounds (3.5 percent fat test)	Dol.	2.93	3.01	2.87	2.97	3.04	2.90	3.00	3.08	*
Retail prices (BLS):										
Milk, fresh, delivered, per quart	Ct.	25.7	26.6	26.1	25.7	26.5	26.0	25.3	26.5	*
Evaporated milk, 1 1/2-ounce can	Ct.	15.0	15.8	15.5	15.1	15.8	15.5	14.8	15.8	*
Cheese, American, processed, per 1/2 pound 3/	Ct.	---	36.3	36.1	---	36.3	36.1	---	36.3	*
Butter, per pound	Ct.	75.5	76.2	75.0	75.9	76.3	75.0	74.6	76.2	*
Ice cream, per 1/2 gallon 4/	Ct.	---	86.3	85.6	---	86.2	85.1	---	86.3	*
All foods price index (1957-59=100)		99.8	101.9	104.1	99.6	102.0	103.5	98.9	102.5	*
Consumer price index (1957-59=100)		100.8	104.6	106.0	100.7	104.5	105.8	99.0	104.5	*
Margarine, colored	Ct.	28.8	29.0	27.9	28.8	28.8	27.7	29.6	28.7	*
Production:										
Milk on farms 5/	Mil. lb.	8,786	9,300	9,345	9,329	9,845	9,813	9,721	10,111	10,043
Monthly rate of milk per cow 5/	Lb.	476	538	552	508	570	581	507	586	596
Factory products:										
Creamery butter	Mil. lb.	91.9	109.9	105.3	107.1	126.1	116.4	116.6	144.2	*
American cheese, whole milk	Mil. lb.	57.2	71.6	70.2	61.4	77.1	73.2	65.8	77.6	*
Cheese, other than American	Mil. lb.	33.0	39.5	39.0	37.4	43.5	44.0	34.0	39.6	*
Evaporated milk	Mil. lb.	131.0	117.2	134.0	139.1	125.6	143.0	149.5	117.7	*
Condensed milk, unskimmed, case	Mil. lb.	3.8	5.2	7.2	4.0	5.4	5.8	5.2	5.9	*
Dry whole milk	Mil. lb.	6.7	7.6	6.8	7.6	7.3	7.1	7.7	8.0	*
Whole milk equivalent	Mil. lb.	3,088	3,625	3,541	3,510	4,064	3,859	3,751	4,415	*
Ice cream	Mil. gal.	43.0	47.4	49.8	43.1	43.5	43.9	42.6	45.4	*
Nonfat dry milk solids, human use	Mil. lb.	101.0	136.3	140.5	128.4	169.4	167.4	134.6	184.5	*
Margarine	Mil. lb.	133.8	147.0	155.9	149.2	147.8	157.0	144.4	159.8	*
Storage stocks, end of month:										
Creamery butter, total	Mil. lb.	83.1	223.7	344.8	62.6	224.8	318.7	59.6	239.0	311.2
Cheese, total	Mil. lb.	354.3	470.6	438.8	335.9	472.9	422.1	359.2	456.8	399.1
Cream, 40 percent	Mil. lb.	14.2	11.6	7.2	10.5	8.5	6.8	8.8	8.3	7.0
Evaporated milk	Mil. lb.	272.3	282.6	174.2	210.5	225.1	141.4	150.5	162.6	*
Condensed milk	Mil. lb.	5.4	5.4	6.5	5.3	5.6	4.5	6.0	4.6	*
Dry whole milk	Mil. lb.	7.9	6.0	4.6	7.2	7.3	5.1	8.8	8.2	*
Total, whole milk equivalent	Mil. lb.	5,884	9,900	11,909	5,108	9,801	11,130	5,208	9,830	*
Monthly disappearance:										
Creamery butter	Mil. lb.	109	108	129	121	117	114	114	125	*
Cheese, whole milk and part skim	Mil. lb.	114	136	127	115	123	137	116	137	*
Evaporated milk	Mil. lb.	192	157	173	181	174	166	191	166	*
Sales and receipts: 6/										
Fluid products, daily average sales:										
Whole milk	Mil. lb.	---	83.6	86.8	---	84.0	85.8	---	81.6	82.4
Milk and cream mixtures	1,000 lb.	---	1,275	1,282	---	1,308	1,318	---	*	*
Fluid cream	1,000 lb.	---	606	596	---	717	701	---	*	*
Skin milk items	1,000 lb.	---	6,958	7,695	---	6,884	7,575	---	*	*
Daily average receipts of milk from producers	Mil. lb.	---	135.8	138.3	---	132.8	137.5	---	137.1	140.7
Daily average receipts per producer	Lb.	---	698	744	---	687	746	---	712	772
Number of producers and producer-handlers	Thou.	---	195	186	---	193	184	---	193	182
Ratios:										
Milk-feed	Lb.	1.52	1.57	1.49	1.46	1.52	1.43	1.38	1.49	1.39
Milkfat-feed	Lb.	23.9	25.5	24.1	23.5	25.3	23.6	23.0	24.8	23.3
Milkfat-hog	Lb.	3.99	3.89	3.62	4.07	3.81	3.74	3.81	3.70	3.82
Milkfat-beef cattle	Lb.	3.56	3.03	2.69	3.60	2.99	2.74	3.50	2.95	2.73
Condensery milk-hog	Lb.	.20	.19	.18	.20	.19	.19	.21	.19	*
Condensery milk-beef cattle	Lb.	.17	.15	.13	.18	.15	.14	.17	.15	*

1/ Computed from formula effective January 1, 1950. 2/ Beginning September 1952, data based on unadjusted milkfat prices. 3/ Beginning January 1960, price reported for 1/2 pound packages. 4/ Beginning November 1959, price reported for 1/2 gallon. 5/ Beginning 1961 Alaska and Hawaii are included. 6/ Based on the data for largest number of markets available for identical markets in both years; this number is not constant among months. * Not available.

of June milk cow numbers. (2) A close look at the amount of milk used in various manufactured products. (3) Truing up of estimates of current year's consumption. (4) Appraisal of current year's CCC purchases.

November: Estimates and forecasts of the entire production and consumption situation for the current and the following year plus some longer range projections.

Those who want more detailed information on the various phases of the dairy situation will find it in the more specialized reports described on the following pages.

Milk Production

SRS issues "Milk Production," about the twelfth of every month. This report contains estimates of milk production on farms, by states and for the nation, for the preceding month and the cumulative total for the year.

It also contains other facts needed for projecting and explaining milk production, such as: Milk produced per cow; dairy pasture conditions; grain fed per cow; and dairy product-feed price ratios by regions (these ratios show the amounts of feed equal in value to one pound of whole milk or one pound of milkfat in cream).

Six important phases of milk production are summarized each year in different issues. They are:

1. Milk cow numbers and milk production by months. February issue carries estimates for two preceding years.

2. Interstate movement of dairy

Left: Inside cover of the "Dairy Situation." This tabular summary for the previous 3 months appears in each issue. Right: This table is updated each month in the "Milk Production" report.

cattle in northeastern states the previous year. In April.

3. Concentrate rations fed to milk cows during the previous year. In May.

4. Roughage fed to milk cows. Winter feeding in June issue; summer feeding in December.

5. Number of milk cows on farms in June. In August.

6. Seasonal average condition of dairy pastures for the current year. In November.

An annual summary of the figures released in this report each month appears in "Milk Production and Dairy Products, Annual Statistical Summary." (See p. 29.)

Fluid Milk and Cream Report

SRS issues this report about the seventeenth of each month. It gives both price and sales information. In addition, consumption information is included in the May issue; this is an annual supplement to "Fluid Milk and Cream Consumption in Selected Marketing Areas, 1950-59," USDA Statistical Bulletin No. 312. (See p. 29.)

Prices included each month by markets are: Prices paid by dealers for milk for fluid use (prices

are the latest reported during the first 10 days of the month); prevailing retail home and store prices for whole milk in various sizes of containers; and prices paid by consumers for special kinds of milk and cream and for creamed cottage cheese.

Also included are the following averages: Dealers' buying prices; prices of home-delivered single quarts; average market blend prices, including premiums over Federal Order minimums.

Sales information includes: Reported average daily sales of whole milk (see p. 26), skim milk, half-and-half, fluid cream, and total fluid products. Also reported are the quantities received daily by handlers from producers.

Yearly averages for some monthly price series and annual sales figures are published in "Milk Production and Dairy Products, Annual Statistical Summary." (See p. 29.)

Milk Prices Paid by Creameries and Cheese Plants, by States

SRS publishes this report of wholesale milk prices during the last week of each month. Prices published are average prices paid to farmers for the previous two

Table 1.-Milk per cow and milk production by months, United States, 1962, with comparisons

Month	Milk per cow			Milk production			
	Average 1956-60	1961	1962	Average 1956-60	1961	1962	Change from 1961
		Pounds	Million Pounds		Percent		
January.....	508	565	586	9,730	9,869	10,111	+2.5
February.....	492	538	557	9,392	9,389	9,598	+2.2
March.....	563	628	639	10,721	10,947	10,994	+0.4
April.....	586	640	654	11,123	11,144	11,232	+0.8
May.....	659	709	725	12,477	12,338	12,429	+0.7
June.....	638	692	697	12,057	12,023	11,926	-0.8
July.....	588	635	639	11,082	11,021	10,912	-1.0
August.....	543	590	598	10,206	10,229	10,191	-0.4
September....	500	556	567	9,369	9,630	9,636	+0.1
October.....	499	561	574	9,315	9,707	9,740	+0.3
November....	474	538	552	8,820	9,300	9,345	+0.5
December....	504	570	581	9,356	9,845	9,813	-0.3
Annual.....	6,559	7,223	7,370	123,647	125,442	125,927	+0.4

Table 8.--WHOLE MILK: Average daily sales and test in certain Federal Order and State marketing areas for November 1962 a

Marketing area	Nov. 1961		Oct. 1962		Nov. 1962		Nov. 1962 as %		Jan.-Nov. 1962 as % of 1961
	Quantity	M'fat test	Quantity	M'fat test	Quantity	M'fat test	Nov. 1961	Oct. 1962	
NEW ENGLAND:									
Boston, Mass.....	1,000 pounds	3.79 Pct.	1,000 pounds	- Pct.	1,000 pounds	- Pct.	101 Pct.	99 Pct.	100 Pct.
Spgfld. & Worc., Mass.....	2,656	3.64	2,715	-	2,676	-	100	101	100
Southeastern New England.....	917	3.66	909	-	916	-	100	101	100
Connecticut.....	1,495	3.66	1,523	3.62	1,498	3.62	100	98	102
	2,388	3.63	2,281	3.64	2,258	3.65	94	99	100
MIDDLE ATLANTIC:									
Federal markets in N. Y....	10,396	-	11,374	-	11,085	-	107	97	101
Niagara Frontier, N. Y.-S....	1,030	3.69	1,041	3.66	1,039	3.68	101	100	99
Rochester, N. Y.-S.....	469	3.68	471	3.64	472	3.67	101	100	101
New Jersey-S.....	5,383	-	5,195	-	5,137	-	95	99	102
Philadelphia, Pa.....	2,100	3.68	2,077	3.66	2,076	3.65	99	100	98
EAST NORTH CENTRAL:									
Three Northern Ohio mkts..	3,288	3.52	3,422	3.52	3,388	3.52	103	99	100
Three other Ohio markets..	2,399	3.51	2,446	3.51	2,438	3.52	102	100	100
Two Indiana markets.....	675	3.58	672	3.54	670	3.56	99	100	100
Chicago, Ill.....	5,040	3.49	5,250	3.48	5,226	3.48	104	100	100
Southern Michigan.....	5,224	3.54	5,433	3.53	5,399	3.54	103	99	102
N.E. Wis. & Up. Pen., Mich.	1,016	3.54	1,016	3.50	991	3.50	98	98	100
Milwaukee, Wis.....	1,012	3.50	846	3.55	925	3.55	91	109	92
WEST NORTH CENTRAL:									
Minneapolis-St. Paul, Minn.	1,225	3.50	1,245	3.50	1,247	3.50	102	100	101
Five Iowa markets.....	1,334	3.54	1,391	3.54	1,397	3.55	105	100	100
Kansas City, Mo.-Kans.....	1,096	3.44	1,136	3.41	1,129	3.43	103	99	103
St. Louis & Suburban Mo-Ill.	1,593	3.38	1,617	3.36	1,628	3.36	102	101	100
Ozarks, Ark....	3.45	294	297	294	295	3.49	105	100	102
Two So. Dakota	3.17	160	175	170	175	3.38	107	100	107
		59							

Above: Part of a table published each month in the "Fluid Milk and Cream Report."

months—by states and for the nation. Prices are given on two bases—per 100 pounds of milk and per pound of milk fat. Milkfat tests of the milk are also published.

Evaporated, Condensed, and Dry Milk

SRS issues this report the last working day of each month. It gives for the preceding month, national estimates of production of evaporated milk, condensed milk, and dry milk.

For each of seven items it shows U.S. figures for: Manufacturers' shipments and average selling

prices for the month, and stocks on hand at the end of the month.

It also gives the quantity prices paid to farmers and fat test of milk bought by condenseries.

Monthly figures are revised and summarized for the year, then published in February of the following year in "Milk Production and Dairy Products, Annual Statistical Summary." (See p. 29.)

Butter, Cheese, Ice Cream

Three reports issued by SRS near the end of each month contain estimates of production of (1) creamery butter and cheese, (2) cottage cheese, and (3) ice cream and related frozen products.

The "Production of Creamery Butter and Cheese" report gives figures for creamery butter and for American cheese made from whole milk—both for the United

States and for each important producing state. It also shows U.S. production for each main type of miscellaneous or foreign-type cheese. Figures for a calendar year are published in July of the year following, in the annual "Production of Manufactured Dairy Products." (See p. 29.)

The "Production of Cottage Cheese" report gives estimated monthly total U.S. production of creamed cottage cheese and other cheese curd. Monthly figures are summed up in the annual "Production of Manufactured Dairy Products." (See p. 29.) This annual report also gives production by states.

The "Ice Cream and Related Frozen Products" report shows monthly ice cream production for the United States and for each important producing state. It also gives U.S. monthly production of ice milk, sherbet, water ice, and frozen desserts that contain vege-

table fats. Monthly figures are summed up for the year in the annual "Production of Manufactured Dairy Products." (See p. 29.)

Three weekly releases give statistics on (1) creamery butter production by regions and for the United States; (2) American cheese production by regions and for the United States; and (3) American cheese warehouse receipts by regions and receipts and stocks for Wisconsin warehouses.

Milk Distributors' Sales and Costs

ERS has issued since 1956 this quarterly report of the costs of processing and distributing fluid milk.

Each issue reports changes in distributors' sales, prices, margins, and costs. In addition, it includes one or more special analyses of significant developments in various areas—such as: Changes in retail and wholesale sales; container types and sizes in use; factors affecting costs and profits.

All of the special analyses published in this report from 1957 to 1962 have been brought together in "Milk Distributors' Operations: Analyses of Growth, Sales Distribution, Costs, and Profits," ERS-84, November 1962.

Cold Storage Report

"Dairy products" is one of the main commodity groups included in this report released by SRS the middle of each month.

The report shows cold storage stocks at the end of the previous month in refrigerated warehouses—both public and private—and changes during the month.

Dairy products included are creamery butter, cheese, cream, and evaporated and condensed milk.

Stocks are given for the United States, for each geographic re-

gion, and by states for selected dairy products.

A summary of regional cold storage holdings for the calendar year (revised figures) is issued in March of the following year.

A short summary table of monthly cold storage holdings for five preceding years is published at the end of the February annual report—"Milk Production and Dairy Products."

Agricultural Prices

This report, published by SRS on the last working day of each month, contains estimates of prices received by farmers for their products, including all wholesale milk, milk retailed by farmers, and milkfat in cream.

Wholesale milk prices are also divided into milk eligible for fluid use and for manufacturing use, with average fat tests for each grade. In addition, the report gives average prices that farmers pay for commodities used in production including dairy feed.

Also included: Parity price information for all wholesale milk and for milkfat in cream; this information is used for price support operations.

An annual summary of agricultural prices for the calendar year is published in May or June of the following year.

Some of the most wanted dairy price information published each month is summed up for the calendar year in February of the following year in "Milk Production and Dairy Products." (See p. 29.)

Marketing and Transportation Situation

Figures that show the difference between the price the farmer gets for milk and the price the consumer pays are first published in this quarterly report of ERS.

Carried in each issue are the marketing charges (also called

"price spreads" and "marketing margins") for the seven components of a "market basket of farm foods"—one of which is dairy products. The total market basket is a listing of the average quantities of farm-produced food bought per urban family in 1952. Another figure derived from market basket statistics is that for the farmer's share of the consumer's dairy dollar.

Another measure of the cost of marketing the farmer's food products—the farm-food marketing bill—is published for the previous year in the July issue. This bill is the estimated total cost of assembling, transporting, wholesaling, and retailing domestic farm-grown foods bought by civilians in this country.

Computed in addition to estimates of the total bill, are estimates for the marketing bill for each of five main kinds of products—including dairy products.

National Food Situation

Figures on annual per capita consumption of major food commodities—including milk, cheese, and ice cream—are first published in this quarterly ERS report.

Preliminary figures are given as soon as possible to show trends. In July, for example, preliminary figures on the annual per capita consumption of dairy products for the current year are given—along with preliminary estimates for the next year and final figures on the previous years.

Each report also carries a summary of total supply, production, and consumption of dairy products during the quarter.

Revised per capita figures for the year are published in an annual supplement to USDA Handbook 62, "Consumption of Food in the United States." This handbook shows per capita consumption for more than 20 dairy products. Figures are given for 1909 and each year since.

Table 7.—Creamery butter, American cheese and ice cream: Production, by States, 1961-62

State and division	Creamery butter		American cheese		Ice cream	
	1961 Enumeration	1962 Estimate	1961 Enumeration	1962 Estimate	1961 Enumeration	1962 Estimate
Maine.....	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 gallons	1,000 gallons
New Hampshire.....	163 1	1 1	—	—	5,634 1,177	1 1
Vermont.....	5,256	5,080	8,319	1	411	1
Massachusetts.....	96	1	—	—	30,127	31,520
Rhode Island.....	—	—	—	—	3,148	1
Connecticut.....	—	—	—	—	8,372	9,510
New York.....	58,284	65,760	47,154	37,015	75,707	74,830
New Jersey.....	1	1	1	1	20,626	18,180
Pennsylvania.....	19,056	20,270	292	1	73,331	71,160
Other N. A. States.....	13	130	557	6,675	—	10,230
N. Atlantic.....	82,868	91,240	56,322	43,690	218,533	215,430
Ohio.....	43,007	45,900	15,633	14,020	40,321	40,100
Indiana.....	25,111	27,610	29,585	34,950	29,601	31,085
Illinois.....	37,269	35,670	31,120	29,780	37,288	37,330
Michigan.....	51,850	56,160	28,727	27,380	31,516	32,650
Wisconsin.....	282,977	333,500	469,153	465,550	23,574	24,220
E. N. Central.....	440,214	498,840	574,218	571,680	162,300	165,385
Minnesota.....	339,337	355,860	55,830	52,530	18,803	19,160
Iowa.....	169,202	175,350	55,369	54,430	10,145	10,180
Missouri.....	51,661	46,550	97,408	96,510	15,629	16,580
North Dakota.....	56,498	49,780	6,757	1	2,679	4,860
South Dakota.....	38,891	38,380	15,216	1	2,218	—
Nebraska.....	59,039	54,400	1	1	8,361	8,530
Kansas.....	36,193	29,230	19,286	18,080	6,167	6,305
Other W. N. Central States.....	—	—	985	26,300	—	—
W. N. Central.....	750,821	749,550	250,851	247,850	64,002	65,615
District of Columbia.....	—	—	—	—	7,417	7,730
Delaware.....	—	—	—	—	4,811	1
Maryland.....	8,026	8,400	1	1	13,752	13,950
Virginia.....	3,626	3,315	1	1	12,167	12,705
West Virginia.....	1	1	—	—	4,512	4,530
North Carolina.....	703	305	1	1	13,697	14,840
South Carolina.....	211	1	—	—	2,938	1
Georgia.....	1	1	1	1	8,274	8,505
Florida.....	—	—	—	—	18,887	19,460
Other S. A. States.....	446	675	12,672	10,210	—	7,990
S. Atlantic.....	13,012	12,695	12,672	10,210	86,455	89,710
Kentucky.....	14,737	15,135	65,412	62,150	4,117	1
Tennessee.....	11,773	10,475	45,513	39,920	14,561	14,560
Alabama.....	1	1	4,388	4,335	7,867	7,995
Mississippi.....	7,314	4,805	20,860	15,430	3,283	1
Arkansas.....	3,836	1	25,426	19,470	2,520	1
Louisiana.....	1,871	1	326	1	7,862	7,985
Oklahoma.....	17,527	15,300	12,452	9,610	5,455	5,560
Texas.....	5,027	5,340	6,545	3,910	20,611	21,425
Other S. C. States.....	10	4,900	—	370	—	9,930
S. Central.....	62,095	55,955	180,922	155,195	66,276	67,455
Montana.....	4,424	3,800	4,391	3,880	2,095	1
Idaho.....	34,507	35,800	30,019	30,475	3,087	—
Wyoming.....	2,310	2,205	—	—	476	1
Colorado.....	10,223	9,240	2,664	1	7,662	8,460
New Mexico.....	240	1	—	—	1,377	1
Arizona.....	1	1	—	—	3,331	1
Utah.....	8,054	7,095	5,887	4,700	4,089	1
Nevada.....	287	1	1	1	720	—
Other Mt. States.....	609	810	70	1,480	—	16,000
Mountain.....	60,654	58,950	43,031	40,535	22,837	24,460
Washington.....	22,611	23,430	3,087	3,375	12,316	12,420
Oregon.....	12,423	11,515	20,106	19,685	5,572	5,680
California.....	39,349	39,665	3,421	2,525	56,421	56,140
Pacific.....	74,383	74,610	26,614	25,585	74,309	74,240
United States.....	1,484,047	1,541,840	1,144,630	1,094,745	694,712	702,295

¹ Production data for this State are included in "Other States" and the total for this region.

Also included in this yearly supplement are tables that show how dairy products (as well as other food groups) have ranked in importance in the national diet over the years—both the amount consumed and the percentage of the various nutrients they have supplied.

Foreign Agricultural Trade of the United States

Some major dairy statistics are a minor part of this report, which is published monthly by ERS. These are the latest figures available for exports and imports of dairy products. The monthly reports, based on Bureau of the Census compilations, give monthly data and cumulative totals from July of the current and previous fiscal year.

Export figures are given for quantity and value of milk in four forms (condensed, dried whole, evaporated, and nonfat), butter, cheese, anhydrous milk fat, infants' and dietetic foods that are chiefly milk, and all other dairy products.

Import figures are given for butter, casein or lactarene, cheese, and all other dairy products.

Four supplements round out annual export and import statistics, giving data for the latest two years. Two show export and import commodity totals for fiscal and calendar years. The other two show exports and imports on a country-by-commodity and a commodity-by-country basis for fiscal and calendar years.

Left: One of the tables from "Milk Production and Dairy Products," for 1962. This summary report issued annually by SRS is a standard reference book for people who plan dairy production.

Annual Statistics

Three yearly reports and one issued every other year summarize, bring up to date, or round out dairy statistics collected throughout the year.

Milk Production and Dairy Products, Annual Statistical Summary

This report, published each February by SRS, summarizes estimates of the production, sales, and prices of milk and manufactured dairy products that have been released throughout the year.

Figures are still preliminary except those for milk production and for manufacturers' stocks and prices of canned milk and dry milk, which have been revised. The report is put together chiefly for the convenience of those who need this kind of information for planning early in the year.

Milk Production, Disposition, and Income

This report published by SRS each April shows the revised estimates for the previous year of the production of milk, cream and farm-churned butter; the main ways milk was used; and the income farmers received from milk production.

Production of Manufactured Dairy Products

SRS publishes this report in July. It sums up in detail the previous year's production of about 50 manufactured dairy products. It is a complete enumeration from figures supplied by about 40,000 manufacturing plants.

The plants give the information directly to SRS, or to SRS through cooperating agencies in 33 states. Of the plants, 7,000 are regular manufacturers of dairy products; 33,000 are manufacturers who re-

tail their own frozen dairy desserts. The report for 1961, 60 pages long with 32 tables, shows production for the United States and for each state, for the year and for each month.

Fluid Milk and Cream Consumption in Selected Marketing Areas

This annual report is published by SRS each May in the regular monthly "Fluid Milk and Cream Report." Each year it supplements and brings up to date Statistical Bulletin No. 312 entitled "Fluid Milk and Cream Consumption in Selected Marketing Areas, 1950-59."

The annual report shows year-to-year trends in the quantity of 12 fluid milk items consumed per person in nearly 80 marketing areas. The 12 items: Whole milk—plain, flavored, yogurt; skim milk—plain, fortified, flavored, buttermilk; and cream—heavy, sour, light, with milk and in eggnog.

Total sales for each area are also shown and the milk equivalent of fluid cream and all fluid dairy products separately.

Every Five Years

Every five years, after each Census of Agriculture, SRS overhauls its milk production, disposition, and income estimates. Where it is believed necessary, estimates are revised to reconcile them with Census data and with data from other sources that have become available since the latest revisions were made.

These revised data are published in a separate bulletin. The latest such bulletin is Statistical Bulletin No. 282, "Milk Production, Disposition, and Income, Revised Estimates 1955-59," April 1961.

In 1962 ERS published a 410-page compilation, "Dairy Statistics Through 1960," Statistical Bulletin No. 303.

This publication brings together from many different sources a wide collection of economic statistics relating to the dairy industry.

First of the 346 tables in the volume shows the production of milk and butter on this country's farms from 1924 through 1960. Last table shows world production and per capita consumption of dairy products, country by country. Tables in between record most of the frequently used statistical series of the Department

from the year they began. Many of them go back to 1909.

Every year a supplement will be published that will bring each series up to date. This annual supplement will be the place to find revised figures for the year.

Every five years, after each Census of Agriculture, the annual supplements will be combined into a summary supplement that contains data for five years or more. In this supplement, estimates will be reconciled with census data where necessary.

Milk Donations

The amount and cost of milk products donated to needy persons here and abroad and to schools for school lunches are published each quarter in a USDA press release prepared by AMS. Donations are shown for the quarter and for the previous fiscal year.

Foreign Agricultural Service

Current dairy statistics from outside the United States are published from time to time in the "Foreign Agricultural Circular" series. These statistics are compiled from reports of U.S. agricultural attachés, reports of foreign service officers, and foreign government publications.

A report of the world output of factory dairy products is published semiannually in this series.

Other reports during the past year have presented information on world production and consumption of dairy products. Included in these reports are per capita and total milk production and utilization in 18 major producing countries.

Agricultural Stabilization and Conservation Service

In a monthly USDA press release ASCS reports CCC purchases and dispositions of dairy products. These reports show dairy price-support purchases and dispositions for the previous month and summarize activity for the current marketing year. Uncommitted stocks figures are also included in the monthly report.

The January release includes a three-year (calendar) summary of purchases and utilization. The April release includes a three-year (market) summary of purchases and utilization; the marketing year ends March 31.

REPORTS OF OTHER USDA AGENCIES

The programs and services of three other USDA agencies are sources of additional statistics on distribution and utilization of dairy products. These agencies are: Agricultural Marketing Service; Foreign Agricultural Service; and Agricultural Stabilization and Conservation Service.

Agricultural Marketing Service

Market News Reports

Reports of milk products being bought and sold at major producing and consuming markets over the country are made daily, semi-weekly, weekly, monthly, and annually.

The dairy products reported include: Butter, cheese, fluid milk, fluid cream, dry whole milk, non-fat dry milk, dried whey, dried buttermilk, animal feed dry milk, condensed milk, condensed buttermilk, evaporated milk and casein.

Reports cover supply and demand conditions in 30 production areas, 26 terminal markets, and all major exchanges.

Market news is dispatched over a nationwide leased wire service and released in the press.

Milk Order Reports

Nearly half of all milk sold wholesale in the United States is marketed under Federal milk marketing orders. The reports needed in administering these orders provide complete information on supplies and sales of milk in the regulated areas.

Reports entitled "Federal Milk Order Market Statistics" are published monthly and annually.

The monthly report shows among other statistics: Minimum class and blend prices to producers; total amount of milk delivered by producers; amount of Class I milk (for fluid use) sold by handlers; sales of whole milk, skim milk, mixtures and cream.

The annual report is a compilation of similar information for two years—preliminary data for the preceding year and revised data for the year before that. This report is published each year as a supplement to Statistical Bulletin No. 248 entitled "Federal Milk Order Market Statistics," issued May 1959.

Another report containing milk order information brought up to date and reissued as necessary is "Sources of Milk for Federal Order Markets, by State and County."

RECENT PUBLICATIONS

The following publications are issued by the Economic Research Service and cooperatively by the state universities and colleges. Unless otherwise noted, reports listed here and under Sources are published by ERS. Single copies are available free from the Division of Information, OMS, U.S. Department of Agriculture, Washington 25, D.C. State publications may be obtained from the issuing agencies of the respective states.

VERTICAL COORDINATION IN AGRICULTURE. Ronald L. Mighell and Lawrence A. Jones, Farm Economics Division. Agricultural Economic Report No. 19.

This is a report on vertical coordination of production but its concern is mainly with vertical coordination in agriculture and especially between farms and the businesses that serve farms. It is addressed to both professional and nonprofessional readers. It brings together economic principles and shows how patterns of coordination are constantly chang-

ing to meet new situations. New forms of vertical coordination often are adopted to gain market advantage. Such changes may be initiated by processors or suppliers or farmers.

COST OF OPERATING EXEMPT FOR-HIRE MOTOR CARRIERS OF AGRICULTURAL COMMODITIES — A PILOT STUDY IN DELAWARE, MARYLAND, AND VIRGINIA. John H. Hunter, Jr., Marketing Economics Division. ERS-109.

Cost information for 1960 was collected from 25 exempt for-hire trucking firms whose home offices are in Delaware, Maryland and Virginia. Direct operating costs amounted to slightly more than 70 per cent of total costs. Fixed costs were nearly 25 per cent, and indirect costs about 5 per cent of total costs. Total costs for the 25 firms were more than \$2.6 million, averaging about \$104,000. Total gross revenue was about \$2.8 million, or more than \$110,000 per firm. Gross profit amounted to more than \$6,000 per

firm before taxes, including six firms which reported a loss.

THE PHILIPPINES — LONG-TERM PROJECTION OF SUPPLY AND DEMAND FOR SELECTED AGRICULTURAL PRODUCTS. Regional Analysis Division. ERS-Foreign-34.

This report was prepared for the Economic Research Service and the Foreign Agricultural Service under contract with Mercantile Incorporated, Manila, Philippines. The basic objective of the study is to obtain a national projection to 1965 and 1975 of the import demands in the Philippines for rice, corn, wheat, meat, dairy products, tobacco, cotton and tallow. The projections indicate that the Philippines should be self-sufficient in rice (milled), corn (shelled) and tobacco by 1965. Imports of meat are projected to increase substantially by 1965. Imports of dairy products by 1965 are projected to decrease by nearly 32 per cent from the 1960 level but by 1975 should increase to a level some 66 per cent over 1965. Imports of cotton products are expected to drop by more than 30 per cent from 1960 to 1965, and to disappear by 1975. (See p. 16, this issue.)

Sources for this issue:

1. A. Poli, Long-Term Production Prospects for Western Agriculture (M); 2. E. Hole and J. Vermeer, Wheat Growers' Machinery Costs by Size of Farm in Central North Dakota, AER-24 (P); 3. Farm Cost Situation, FCS-33 (P); 4. I. R. Starbird and J. Vermeer, Crop Production Practices and Costs by Size of Farm, Delta Area, Mississippi, 1957-58, AER-21 (P); 5. R. N. Van Arsdall, Economics of Forage Mechanization (S); 6. P. House, How High Are Taxes on the Rural-Urban Fringe? (M); 7. R. R. Botts, Federal Income Tax Aspects of Farm Pond or Water Reservoir (Swimming Pool) Used for Fire-Fighting (S); 8. T. A. Miller, Production Costs on Wheat Farms (S); 9. J. R. Corley, Storage and Flow Patterns for Washington Wheat (M); 10. Marketing and Transportation Situation, MTS-147 (P); 11. S. E. Brown, Practical Guides to Measurement of Promotional Results (S); 12. P. L. Henderson (SM); 13. R. E. Reese and P. B. Dwoskin, Future Institutional Market Information—Problems and Responsibilities (S); 14. H. M. Smith and R. E. Frye, Effect of Color on Sales of Red Delicious Apples (M); 15. P. L. Henderson, The Potential of Producer Sponsored Promotional Programs for Beef (S); 16. W. E. Clement, Some Unique Problems in Agricultural Commodity Advertising (S); 17. D. Hollon, Consumer Acceptance of Sweetpotato Flakes (M); 18. P. B. Dwoskin and others, Market Test of Instant

Sweetpotatoes in Selected Institutional Outlets, MRR-580 (P); 19. Z. M. Looney and others, Multiple Lint Cleaning at Cotton Gins (M); 20. H. L. Linstrom and C. P. Grafunder, Materials Used in 1961 Automobile Interiors and Convertible Tops, SRS-2 (P); 21. Fruit Situation, TFS-146 (P); 22. P. E. O'Donnell, The Relation of Changes in Agricultural Trading Patterns in the Common Market to U.S. Exports of Agricultural Products (S); 23. E. W. Learn, "Long-Term Effects of Common Market Grain Policies," Foreign Agricultural Trade, Jan. '63 (P); 24. S. W. Skinner, Agricultural Economy of the Ivory Coast (M); 25. Regional Analysis Division (SM); 26. Regional Analysis Division, The Philippines, ERS-Foreign-34 (P); 27. Foreign Gold and Dollar Reserves, Nov. '62 (P); 28. M. E. Long (SM); 29. W. G. Heid, Changing Structure and Performance—Breakfast Foods Industry (M); 30. W. B. Sundquist (SM); 31-33, 35, 37. Dairy Situation, DS-293 (P); 34. H. H. Moede (SM); 36, 39. Dairy Situation, DS-294 (P); 38. L. F. Herrmann, The Next Generation in the Milk Business (S); 40. Division of Information (SM); 41. G. A. Bennett (SM); 42. Marketing and Transportation Situation, MTS-148 (P); 43. National Food Situation, NFS-103 (P).

Speech (S); published report (P); report in process (M); special material (SM).

DEHYDROFROZEN APPLE SLICES—THEIR POTENTIAL IN SELECTED MARKETS. Edward J. McGrath and Howard W. Kerr, Jr., Marketing Economics Division. Marketing Research Report No. 578.

This report is designed to provide producers, processors, distributors and others with facts about the market potential for dehydrofrozen apple slices in institutional outlets. Product tests were conducted among bakers in Baltimore, Philadelphia, and Washington, D.C., during 1960 and 1961. They were interviewed

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to learn their experiences in using dehydrofrozen apple slices for pie baking. Quality and convenience were advantages cited most frequently, despite the additional step in reconstitution. Conversely, the few bakers who had difficulty in preparing dehydrofrozen apple slices mentioned the time and labor required to prepare them as the principal disadvantage.

THE MARKET POTENTIAL FOR SUPERCONCENTRATED APPLE JUICE. Edward J. McGrath, Economic Research Service, and Margaret Weidenhamer, Statistical Reporting Service. Marketing Research Report 582.

The sales record of a new product—superconcentrated apple juice—compared with 80 other juice products indicates that it stands a reasonable chance of attaining commercial success. The market potential of this superconcentrated (6 to 1) apple juice was studied in Fort Wayne, Ind., in a sample of 23 supermarkets in 1960. Most of the homemakers

interviewed in the study said they served the new product between meals, using it in place of other fruit juices, soft drinks or "ades."

REVENUES AND EXPENDITURES OF STATE AND LOCAL GOVERNMENTS IN THE GREAT PLAINS. Frederick D. Stocker, Farm Economics Division. Agricultural Economic Report No. 22.

Expenditures and revenues of the Plains states conform in many respects to a common pattern; this pattern differs in significant ways from that outside the Plains. Generally, state and local governments spend substantially more per capita in the Plains states than the U.S. average. The same is true of expenditure in relation to per capita personal income. To a large extent this is met by revenue from the federal government. In addition, the Plains states cover a larger share of their expenditures from charges and miscellaneous revenues than do most other states. Such revenues include fees and rentals on public lands and

oil and mineral royalties. Sales and income taxes are generally lower in the Plains than elsewhere.

FORAGE PROGRAMS AND CATTLE SYSTEMS—COLORADO MOUNTAIN-MEADOW CATTLE RANCHES. Elmer C. Hunter, Farm Production Economics Division. ERS-100.

Meadows produce practically all of the winter feed and some of the summer grazing for cattle in the mountainous portions of Colorado. The first part of this study examines five improved meadow-management programs to produce additional forage for a lower cost. The lowest production cost per ton of hay is realized when the meadow is rough leveled and reseeded and then followed by a program of phosphate fertilization and periodic reseeding of legumes. The second part analyzes the relative profitability of various livestock systems for a typical Colorado mountain-meadow ranch, when managed under a rough-leveling, reseeding, and nitrogen-fertilization program.